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From: [REDACTED] (SG-EXT)
Sent: lundi 9 mars 2020 15:07
To: VANDENBERGHE Kurt (CAB-VON DER LEYEN); HIESINGER Stefanie (CAB-TIMMERMANS); FREIMANIS Gints (CAB-DOMBROVSKIS); MARGERIT Alienor (CAB-GENTILONI); SIRACUSA Elisabetta (CAB-HOGAN); [REDACTED] (TAXUD); [REDACTED] (CLIMA); [REDACTED] (TRADE); [REDACTED] (TRADE-ENER); [REDACTED] (SG-RECOVER); [REDACTED] (SG-RECOVER); [REDACTED] (ENER)
Cc: [REDACTED] (FISMA); [REDACTED] (SG); [REDACTED] (SG); [REDACTED] (SG)
Subject: Meeting with Eurofer on Carbon Border Adjustment, 6 March 2020

Meeting with Eurofer on Carbon Border Adjustment, 6 March 2020

Participants:

- Eurofer: [REDACTED]
- Commission: Kurt VANDENBERGHE (CAB-VON DER LEYEN), Stefanie HIESINGER (CAB-TIMMERMANS), Gints FREIMANIS (CAB-DOMBROVSKIS), Alienor MARGERIT (CAB-GENTILONI), Elisabetta SIRACUSA (CAB-HOGAN), [REDACTED] (TAXUD), [REDACTED] (CLIMA), [REDACTED] (TRADE), [REDACTED] (SG)

Eurofer representatives welcomed the Commission work on the Carbon Border Adjustment Mechanism (CBAM) and underlined the following:

- The steel industry is committed to the green transition, but the economic context of the sector remains challenging with strong global competition. Clean steel is more costly and demand for steel is purely price driven.
- The forthcoming impact assessment on the CBAM will be essential for rightly shaping the policy options and their real impacts.
- CBAM is part of a broader range of measures outlined in the European Green Deal. These are welcome and would help the industry overcome the first stage of the green transition and create lead markets. Clean steel is possible, it would avoid 5% of EU's greenhouse gas emissions (and 7% globally) and would have important spillover effects for the rest of the industry.
- Due to the length of the investment cycle, today's investments will determine carbon intensity for decades. A set of solutions including hydrogen and carbon capture & utilisation will need to be deployed and scaled up in order to green the production process. The sector is currently aiming at 80-95% cut in CO2 emissions by 2050.
- In the absence of a global carbon price and equivalent efforts globally, CBAM should be seen as an additional temporary measure to avoid the risk of carbon leakage. It needs to complement, not replace, existing measures on carbon leakage. Such complementarity would be WTO-compliant.
- When designing a CBAM, efficiency is key. There are some risks linked to a CBAM as currently being envisaged (e.g. in the Inception Impact Assessment): i) there is a risk that importers would be able to easily absorb its costs, as only small proportion of their imports goes to the EU, ii) importers could channel production from their advanced facilities in Europe, while selling more carbon intensive production elsewhere.
- CBAM would not be expected to create excessive costs downstream, in particular not for the car industry.

The Commission representatives took note of the comments made and underlined that the impact assessment process will be open and transparent and will be carried out in co-ordination with other related initiatives.

Kind regards,



European Commission

Secrétariat General (SG)

D2.Deepening of the Economic and Monetary Union