



EUROPEAN COMMISSION

Cabinet of Executive Vice-President Valdis Dombrovskis

Brussels, 2021

Meeting with French Association of Private Companies

29/04/2021

MINUTES

Minutes of the meeting:

AFEP presented their views on the carbon border adjustment mechanism, in particular how the notional ETS option compares with other options, the need to provide funding to companies for the transition and for low-carbon technology, and the phasing out of the free allowances. They also underlined the need to accompany CBAM with an ambitious international negotiations agenda. On sustainable corporate governance, AFEP argued that company directors already take into account long term stakeholders interests. On due diligence, AFEP stressed the importance of stepping up the enforcement of trade and sustainable development provisions in EU free trade agreements. On sustainable finance, AFEP stressed the role of transitional and enabling activities and the need to give companies enough time to prepare for disclosing the alignment of their activities with taxonomy. On corporate sustainability reporting, AFEP stressed the importance of aligning European standards with international standards, to avoid double reporting requirements.

Topics: carbon border adjustment mechanism, sustainable corporate governance and due diligence, sustainable finance

TRN: 953933297-85

Invitation: Ares(2021)1765156

Participants:

Afep:

Art. 4.1 (b)

FREIMANIS Gints (CAB-DOMBROVSKIS)
FREIMANIS Gints (CAB-DOMBROVSKIS)

From: Afep Europe <europe@afep.com>
Sent: mercredi 10 mars 2021 20:21
To: CAB DOMBROVSKIS CONTACT
Cc: BELTRAMELLO Andrea (CAB-DOMBROVSKIS); FREIMANIS Gints (CAB-DOMBROVSKIS); ~~LAURENT~~ (CAB-DOMBROVSKIS)
Subject: Letter to Executive Vice-President Dombrovskis – French Association of Large Companies (AFEP)
Attachments: Courrier LBurelle à Valdis Dombrovskis_100321.pdf; Trade-and-Climate-Change-Quantitative-Assessment-of-the-Best-Policy-Tools.pdf

Dear Mr Dombrovskis,

On behalf of **AFEP (the French Association of Large Companies)**, which brings together [more than 110 of the largest companies operating in France](#), you will find attached a **letter from our President Mr Laurent Burelle** regarding the publication of our [study on trade and climate change](#), which provides a comparative and quantitative analysis of the impacts of the **Carbon Border Adjustment Mechanism (CBAM)** and other trade policy tools.

Our President would be honoured to discuss this fundamental issue with you, as well as, sustainable finance, Capital Market Union and the new trade policy strategy.

Please do not hesitate to contact us should you require additional information.

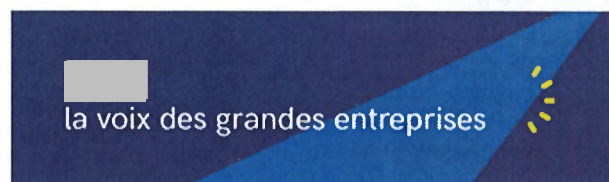
Yours sincerely,



French Association of Large Companies / Association française des entreprises privées
11, av. Delcassé - 75008 Paris Rue Belliard, 4-6/1 - 1040 Brussels

[Redacted line]

[Redacted line]



Mr Valdis Dombrovskis
Executive-Vice-President
European Commission
Rue de la Loi 200
B -1049 BRUXELLES

Paris, 10 March 2021

Dear Mr Dombrovskis,

On behalf of AFEP (French Association of Large Companies) member companies, I am delighted to inform you that we published our report "Trade & Climate Change: Quantitative Assessment of the Best Policy Tools to Achieve Climate Neutrality and Competitiveness" in January.

It aims to provide a **comparative and quantitative analysis of the impacts of the Carbon Border Adjustment Mechanism (CBAM) and other trade policy tools**. Firstly, it assesses the effective impact of the climate neutrality scenario. Secondly, it identifies best policy tools to avoid the risk of carbon leakage outside the EU, while maintaining EU growth and competitiveness. You will find enclosed the full report (executive summary available on page 7).

This assessment confirms the **unprecedented level of carbon leakage** that EU companies will be facing from 2030 onward. It also shows that a well-designed carbon border adjustment mechanism to be set up **on a voluntary basis at sectoral level** is effective if it is complemented by supporting internal and international instruments.

The cornerstone of this report's recommendations is that a **tax-based (or ETS separate market for imports) CBAM is clearly a better performing tool** than other internal instruments, such as a final consumption tax, **if it comes along with strong supportive measures, such as WTO-compatible subsidies**, that would help EU companies to be protected from carbon leakage. At the same time, CBAM results would be significantly boosted **if this tool would be combined with international trade agreements fostering a « green » impact**: for instance, a revised Agreement on industrial subsidies and an agreement reducing tariff duties on low carbon and environmental goods.

Large French companies strongly support the Green Deal and the new climate neutrality target by 2050. Simultaneously, these new objectives make up a real challenge to their competitiveness on the EU and foreign markets, due to a growing differential in carbon prices. I hope that this study will be a useful contribution to the debate in view of the forthcoming legislative proposal.

.../..

I would be honoured to **meet you to discuss this fundamental topic** for the years to come, as well as, more broadly, **how we can make the Green Deal a success in the context of the current crisis**. In addition, it could be the opportunity to exchange further on sustainable finance, capital market union and the new trade policy strategy.

Should you accept my invitation, this discussion could take place at your best convenience virtually or in person (in Paris or in Brussels) in April-May 2021.

Do not hesitate to contact us should you require additional information.

Yours sincerely,

