

Meeting report - Meeting between CEMBUREAU and DG TAXUD – 23 July 2021

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On request of DG TAXUD, this meeting took place to exchange on the Commission proposal for a CBAM adopted by the College on 15 July.

CEMBUREAU expressed their appreciation for the Commission's and in particular TAXUD's efforts in the preparation of the Fit for 55 package. Moreover, CEMBUREAU thanked for the cooperative spirit in the discussions ahead of the proposal.

CEMBUREAU expressed concerns with the speed of EU ETS Free Allowance reduction. Moreover, the absence of export rebates is a source of concern. Also, the risk of circumvention and resource shuffling was mentioned as a persistent problem for CBAM. Lastly, CEMBUREAU enquired for some more detail on the interaction between some of the proposals of the Fit for 55 package, notably the EU ETS reform, CBAM, and the revised Energy Tax Directive.

The Commission explained that the Fit for 55 package tries to find a good balance between achieving ambitious climate objectives while providing the conditions for industry to adapt. The pace of the phasing out of free allowances is a compromise solution – some stakeholders ask for a much faster phasing-out. Ultimately, the EU has agreed on the 2030 and 2050 Climate targets. The Fit for 55 package is the Commission's proposal to achieve these targets. This is a fine equilibrium: If one were to lower the ambitions on certain parts of the package, other parts would have to become more ambitious.

Furthermore, the Commission explained that the point of the transition phase is to work closely with industry to find solutions to some of the practical issues, including the calculation of indirect emissions, ahead of the application of a financial adjustment in 2026.

It was agreed to continue the open exchange.