

Meeting report - Meeting between EUROFER 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.

EUROFER congratulated the Commission for an overall balanced proposal and thanked TAXUD for the cooperative spirit in the preparation of the proposal, despite some diverging views on substance.

Despite this, EUROFER indicated a number of concerns on the proposal. Most importantly, the absence of export rebates is a problem for EUROFER, as the proposal thereby not addresses the export side of carbon leakage. Moreover, they maintain their view that the phasing-out of free allowances should be more back loaded than stipulated in the legislation. Risk of circumvention and resource shuffling are other concerns indicated by EUROFER. Lastly, EUROFER indicated some dissatisfaction with the overall Fit for 55 package, which in their view is too ambitious, leading to too high transitional /adjustment costs for businesses.

The Commission explained that the package tries to find a good balance between achieving ambitious climate objectives while providing the conditions for industry to adapt. From other stakeholders, Commission received criticism that the phasing out of free allowances was too slow.

Furthermore, 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. A revision clause is enshrined in the text, giving the opportunity to improve the legislation and adapt it, if needed.

It was agreed to continue the open exchange.