

Position Paper

CBAM - Expand the carbon levy to all sectors as soon as possible

Brussels, November 12, 2021 – This position paper provides input for a [Public Consultation](#) performed by the European Commission from July 15 – November 18, 2021 on the Carbon Border Adjustment Mechanism and the related “Proposal for a Regulation” COM(2021)564.

Ecopreneur.eu, the European Sustainable Business Federation, advocates the extension of the Carbon Border Adjustment Mechanism (CBAM) to all sectors and industries facing international competition well before 2030.

We believe that an effective CBAM will be the right instrument to reduce greenhouse gas emissions in the EU, while at the same time avoiding “carbon leakage” - the risk that potential reductions are being compromised by increasing emissions outside the EU.

Along with other policies, a CBAM will be essential for channelling investments towards low-carbon technologies, products and services. This should create a strong EU market and rendering a higher return on investment for low-carbon circular products and services.

Ecopreneur.eu shares the Commission’s view that there is clear added value in putting the CBAM in place as a regulatory measure by the EU that needs to be implemented and enforced by its Member States. We agree that the CBAM should be based on a system of emission certificates for imported products, in line with the EU Emission Trading System (ETS) and carbon market price. We also welcome the published outcome of the Commission’s impact assessment considering various options for a CBAM.

However, Ecopreneur.eu does not agree with the following proposals from the draft regulation:

Firstly, we oppose the limitation of the CBAM to cement, iron and steel, aluminium, fertilisers and electricity. This limitation would fail to end unfair competition in many other industry sectors from carbon-intensive products imported from countries outside the EU that fall short of their nationally determined contributions (NDC) from the Paris Agreement. This unfair competition currently hampers the market growth of sustainable enterprises across the EU in many sectors, as well as their transition to the circular economy.

Ecopreneur.eu therefore calls on the European Commission to **expand the scope of the planned CBAM to all sectors and industries facing international competition well before 2030**, including agriculture, mining products, manufactured goods, and commercial services.

Secondly, we advocate against a fixed carbon tax at consumption level on a selection of imported products whose production is in sectors that are at risk of carbon leakage (option 1). It would form a disincentive for low-carbon innovation in those products because companies selling them in an innovative low-carbon variety would have to pay the same carbon tax despite the low embedded carbon. This option can only work if the carbon customs duty would be varied at the individual product level, so that an innovative, low-carbon solution from this product group could pay a lower duty.

We therefore advocate the internalisation of carbon costs for goods imported to the EU based on actual emissions.

More specifically, Ecopreneur.eu is strongly in favour of **“CBAM certificates” emitted at the same price as EU ETS allowances and based on the embedded CO₂ emissions** while extending the scope to carbon-intensive materials that are part of semi-finished and finished products along the entire value chain (option 5).

Thirdly, Ecopreneur.eu is strongly against the surrendering of free allowances. While we understand that there should be an equivalence between the carbon pricing policy applied in the EU’s internal market and the carbon pricing policy applied on imports, free allowances weaken the carbon price signal for EU industry compared to full auctioning.

As a matter of principle, **additional administrative burden should be minimised as much as possible, especially for SMEs.** This is best achieved by establishing consistent rules for the entire single market.

In conclusion, with the above remarks, Ecopreneur.eu regards CBAM as an important instrument to protect sustainable European companies from unfair competition, thereby supporting the implementation of the European Green Deal and the Circular Economy Action Plan (CEAP).

ABOUT ECOPRENEUR.EU

Ecopreneur.eu is the European Sustainable Business Federation of currently seven national associations representing about 3000 sustainable companies - mostly SMEs. We show best practice examples, bring concrete experience from our companies into the political debate and represent their needs. Ecopreneur.eu is the *only* cross-sectoral EU business organisation advocating ambitious measures, rules and regulations to create a new framework for a sustainable economy.

Contact information

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