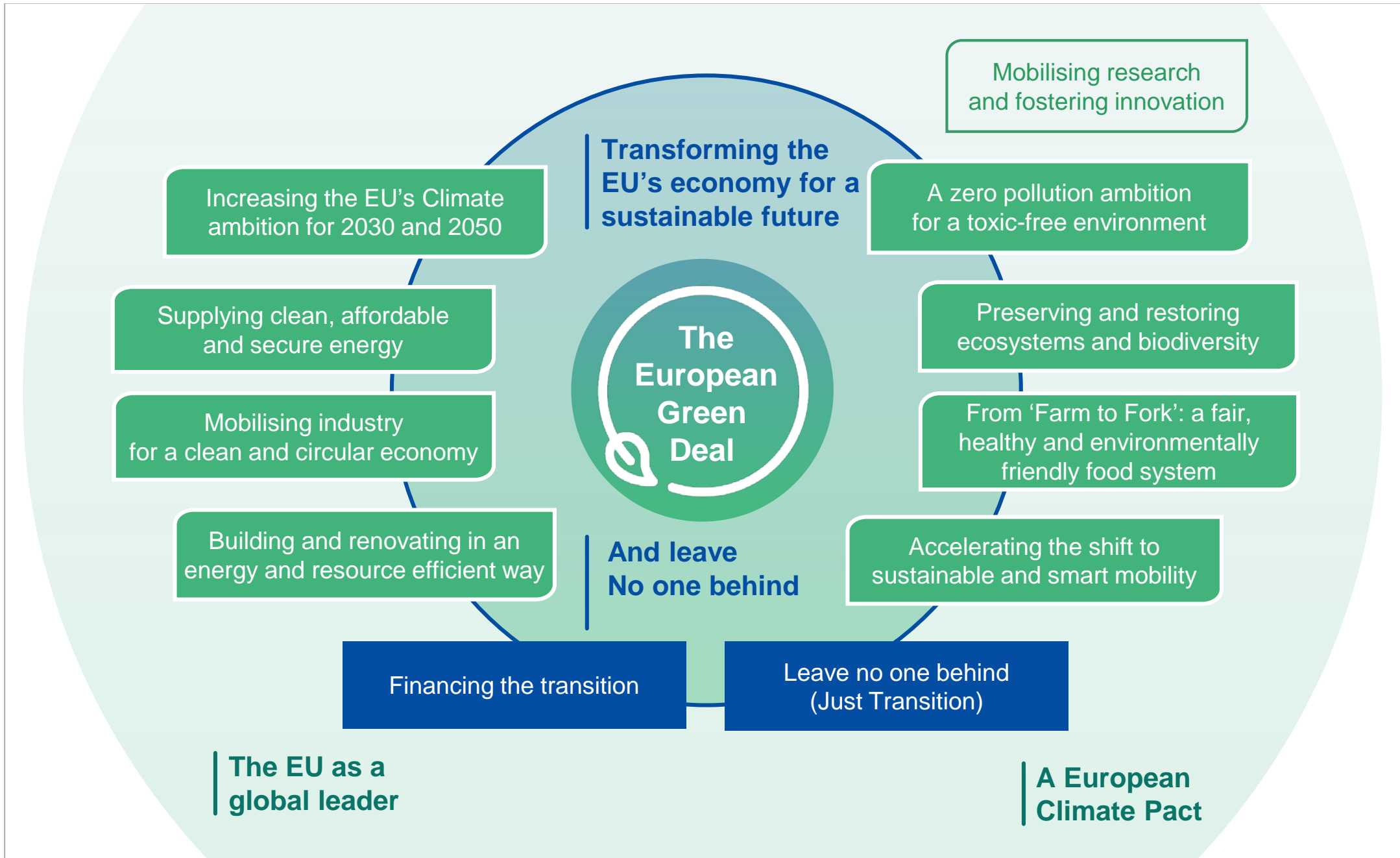


The European Green Deal



The European Green Deal: Increasing Ambition for 2030 and 2050

Increasing the EU's Climate
ambition for 2030 and 2050

- European '**Climate Law**' enshrining the 2050 climate neutrality objective in legislation
- **Comprehensive plan** to increase the EU's climate target for 2030 to at least 50% and towards 55% in a responsible way by October 2020
- Review and revise where needed all relevant **legislative measures to deliver on this increased ambition** by June 2021
- Extend EU's **Emissions Trading** to the **maritime sector**, and to reduce the free allowances for **airlines** by June 2021.
- A new EU **Strategy on Adaptation** in 2020/2021
- A **European Climate Pact**

The European Green Deal: External Dimension

- EU to continue to **lead the international climate and biodiversity negotiations**
- Strengthen the EU's **Green Deal Diplomacy**
- Proposal to make the **respect of the Paris agreement an essential element** for all future comprehensive trade agreements
- **Carbon border adjustment mechanism** for selected sectors by 2021.

| The EU as a
global leader

Carbon border adjustment mechanism

Green Deal Communication

*“Should differences in levels of ambition worldwide persist, as the EU increases its climate ambition, the Commission will propose a **carbon border adjustment mechanism**, for selected sectors, to reduce the risk of carbon leakage. This would ensure that the price of imports reflect more accurately their carbon content. This measure will be designed to comply with World Trade Organization rules and other international obligations of the EU. It would be an alternative to the measures that address the risk of carbon leakage in the EU’s Emissions Trading System.”*

The EU as a
global leader



Carbon border adjustment mechanism

European Council Conclusions 12 December 2019

*“The climate neutrality objective needs to be achieved in a way that preserves the EU’s competitiveness, including by developing effective measures to tackle carbon leakage in a WTO compatible way. **In this context, the European Council takes note of the Commission’s intention to propose a carbon border adjustment mechanism concerning carbon-intensive sectors. Facilities in third countries need to adhere to the highest international environmental and safety standards.**”*

The EU as a
global leader



Carbon border adjustment mechanism

Objective

Prevent carbon leakage

- Carbon leakage occurs when production is transferred from the EU to other countries with lower ambition for emission reduction, or when EU products are replaced by more carbon intensive imports.
- Alternative to current measures in the EU ETS (free allowances/electricity cost compensation).
- When designing the Carbon Border Adjustment Mechanism, the Commission will take into account the level of ambition of climate policies of third countries.
- Free allocations and border measures should not lead to overcompensation.

WTO compatibility

- Not designed to protect EU industry from competition
- Ensure the environmental integrity and effectiveness of EU climate policies

Carbon border adjustment mechanism

Type of policy instrument

- **Options *could* include:**

- 1) Carbon tax on selected (imported and domestic) products
- 2) A new carbon customs duty
- 3) Tax on imports
- 4) Extension of the EU ETS to imports

Carbon border adjustment mechanism

Sectors concerned

- Selected sectors that are **at risk of carbon leakage** – based on Impact Assessment:
 - Risk of carbon leakage
 - Carbon intensive
 - Electro intensive
 - Exposed to trade

Carbon border adjustment mechanism

Timeline

- **Inception impact assessment** 4 March – 1 April 2020
- **Studies** 2020
- **Impact Assessment** Ongoing (to be released with proposal)
- **Public consultation** Third quarter 2020
- **Commission proposal** Second quarter 2021

