

Agora  
Industry



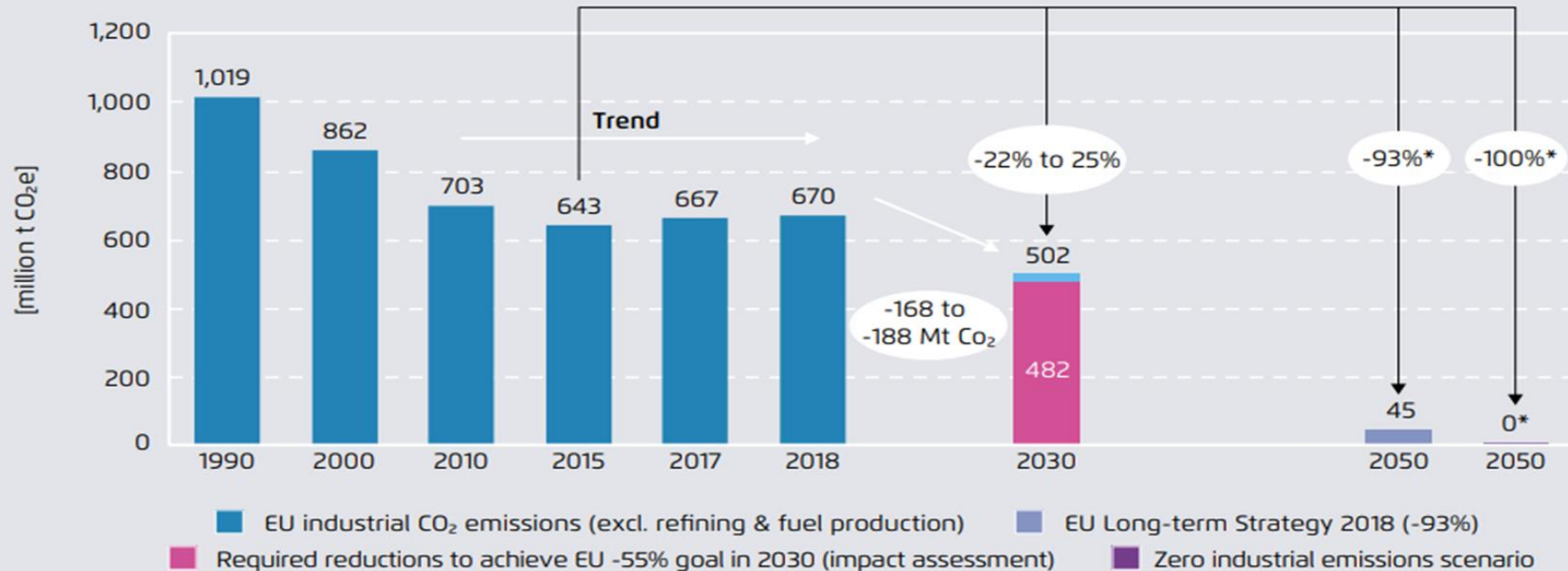
# EU CBAM meets Climate Club

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French Embassy, May 2022

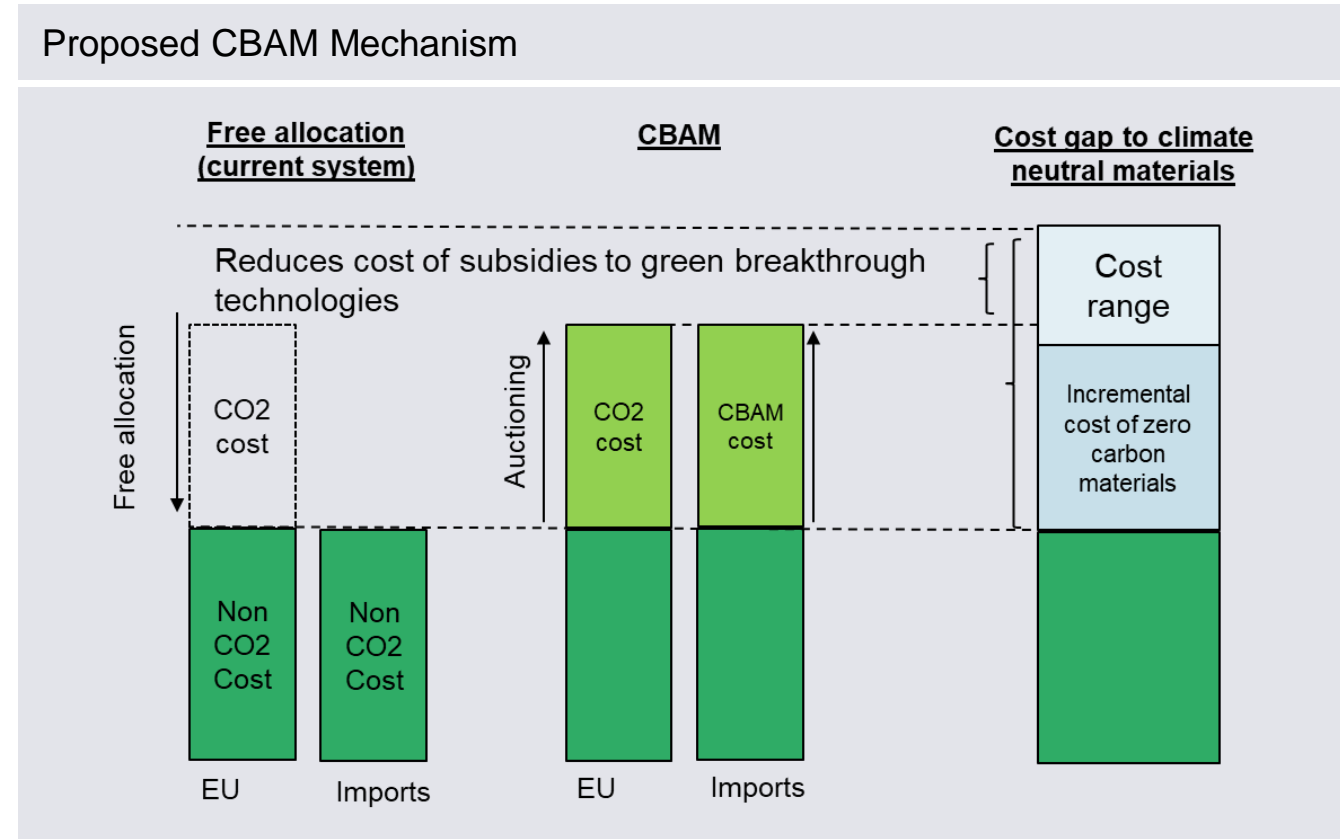
# Industry plays a key role in achieving emissions reduction targets in 2030 and 2050 – climate neutrality means all sectors must contribute

Emissions in the EU: Industrial emissions must decline rapidly now



Agora Energiewende 2020, based on data from Eurostat, EEA and European Commission.

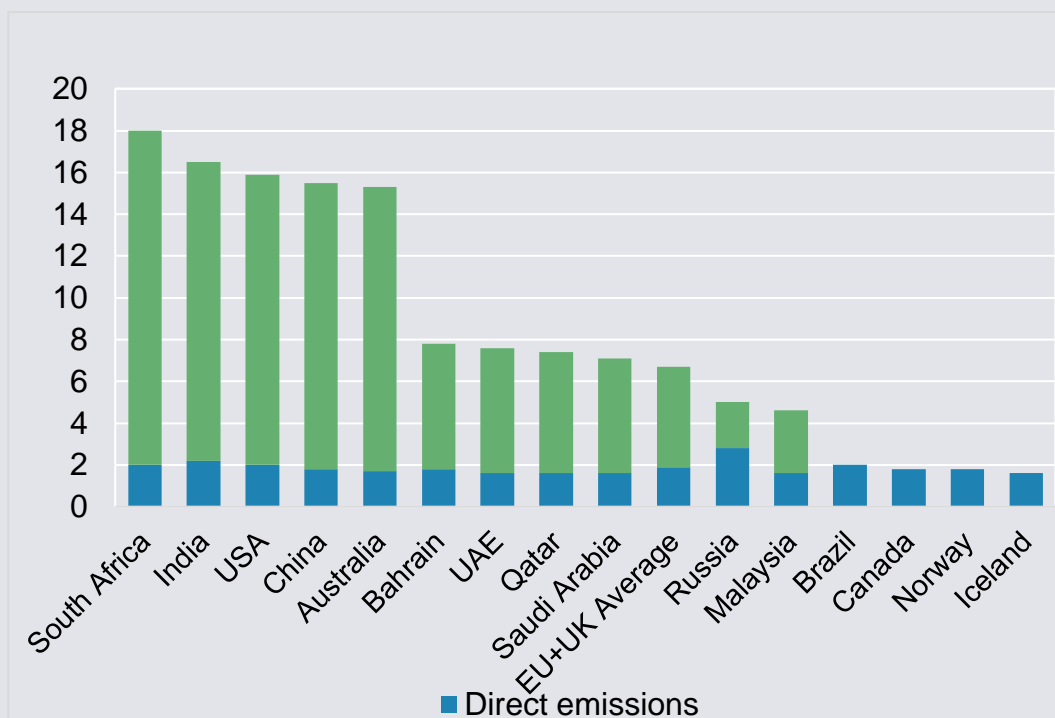
## Despite some complexities, a CBAM has important advantages as an enabler of climate action in industry



- A clear regulatory signal is required to ensure investments into climate neutrality-compatible technology during 2020s.
- A CBAM plus auctioning:
  - Enables **carbon cost pass-through** and improves competitiveness of low-carbon and circular economy solutions
  - **Raises significant funds** to support low-carbon and circular production technologies
  - **Sends international signal** for industrial decarbonization

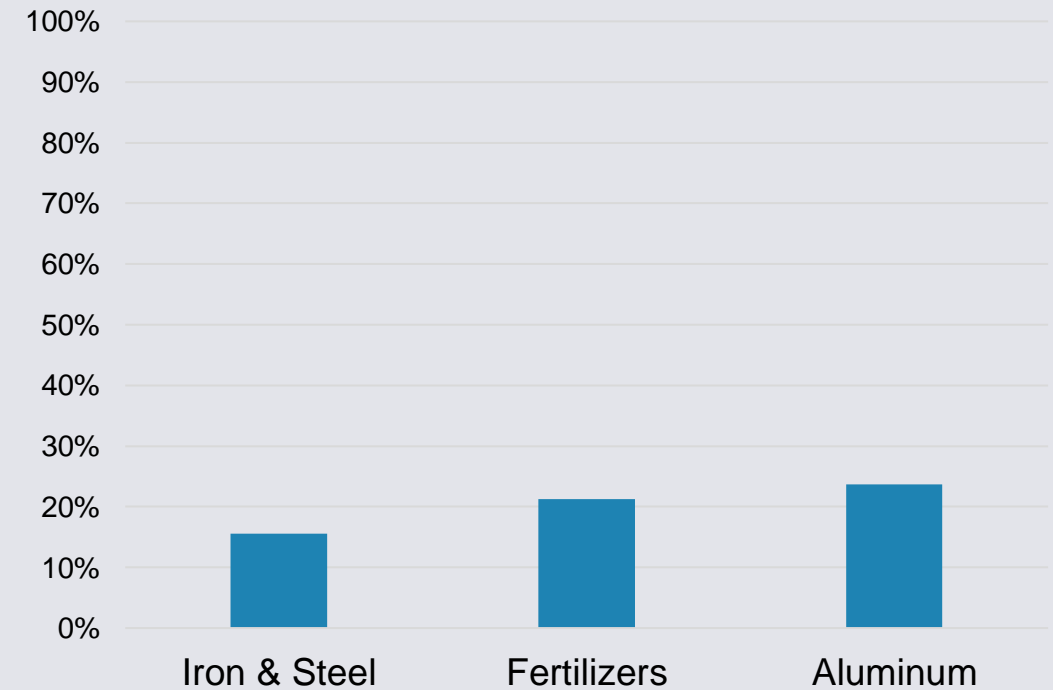
# Under the proposed EU CBAM two sources of risk for carbon leakage remain – but may be partially mitigated through careful design of the instrument

Production emissions [tCO<sub>2</sub>/t of primary aluminium]



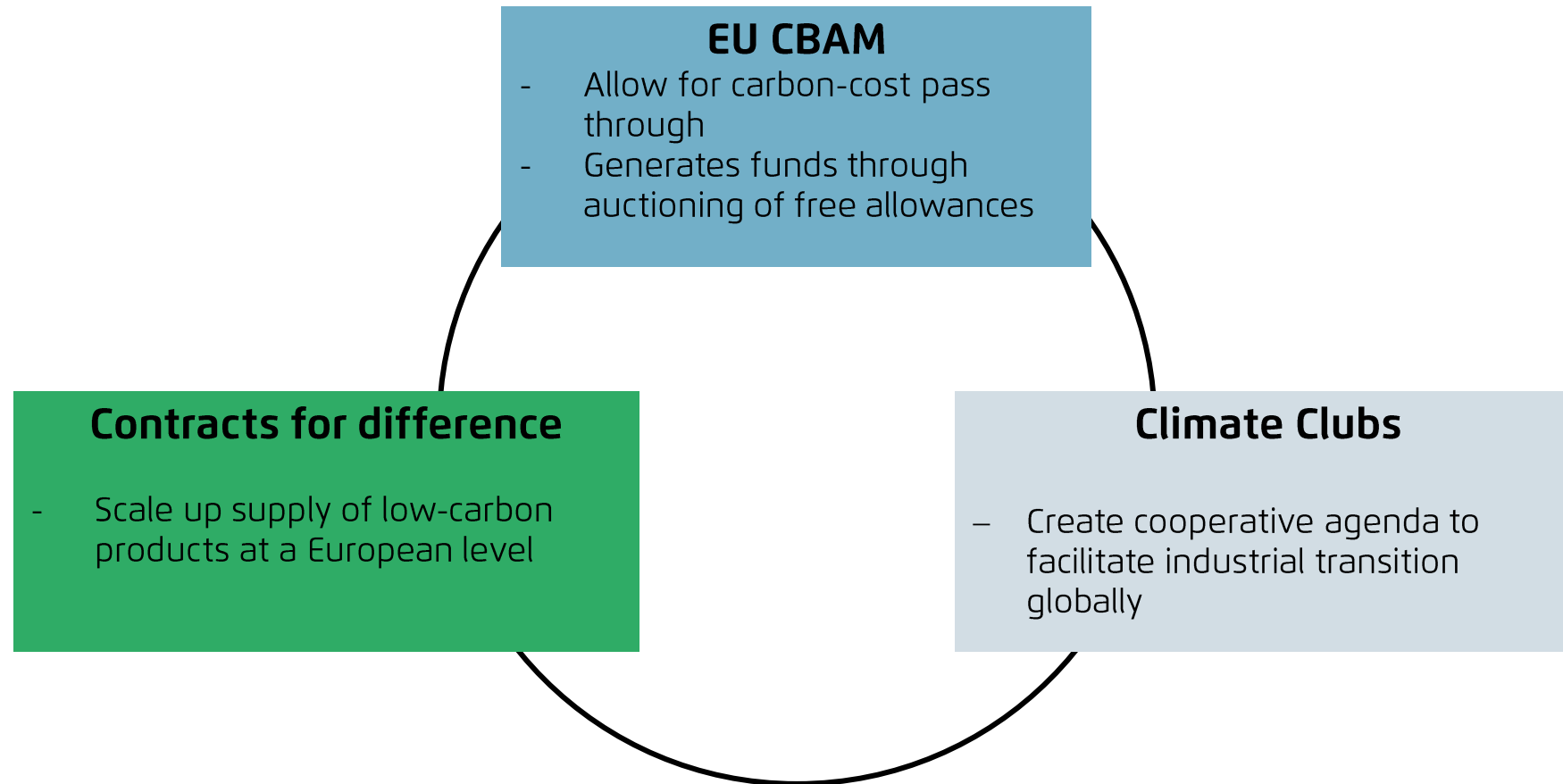
Source: Prodcom

Export share in production to non-EU-ETS countries (2019)



Source: Authors based on data from Eurometaux

# The EU CBAM needs to be seen in the context of other policy instruments which interact in important ways and address some of its risks





## What does industry need from international cooperation to accelerate decarbonization in line with scientific targets?

### Creating and scaling-up demand for low-carbon goods

- Create foundational market „infrastructure“ for low carbon materials
- Create lead markets through commitments to green public procurement

### Fostering supply of low-carbon goods

- Collaborate on value-chains to enable low-carbon technologies
- Harmonize milestones for industrial decarbonization
- Innovation collaboration to bring down green premium

### Facilitating the global transition to low-carbon industry

- Agree on principles for carbon leakage policy
- Capacity building and sharing policy experiences and learnings
- **Long-term:** work towards convergence of CO<sub>2</sub>-performance requirements of basic materials



**Thank you!**