

The EU's Carbon Border Adjustment Mechanism (CBAM) and Its Impact on the Development of International Trade

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Background



1972 – International meteorological symposium (glacial period)

1979 – The first international climate conference

1988 – The Intergovernmental Panel on Climate Change (IPCC)

1992 – The United Nations Framework Convention on Climate Change

1997 – Kyoto Protocol

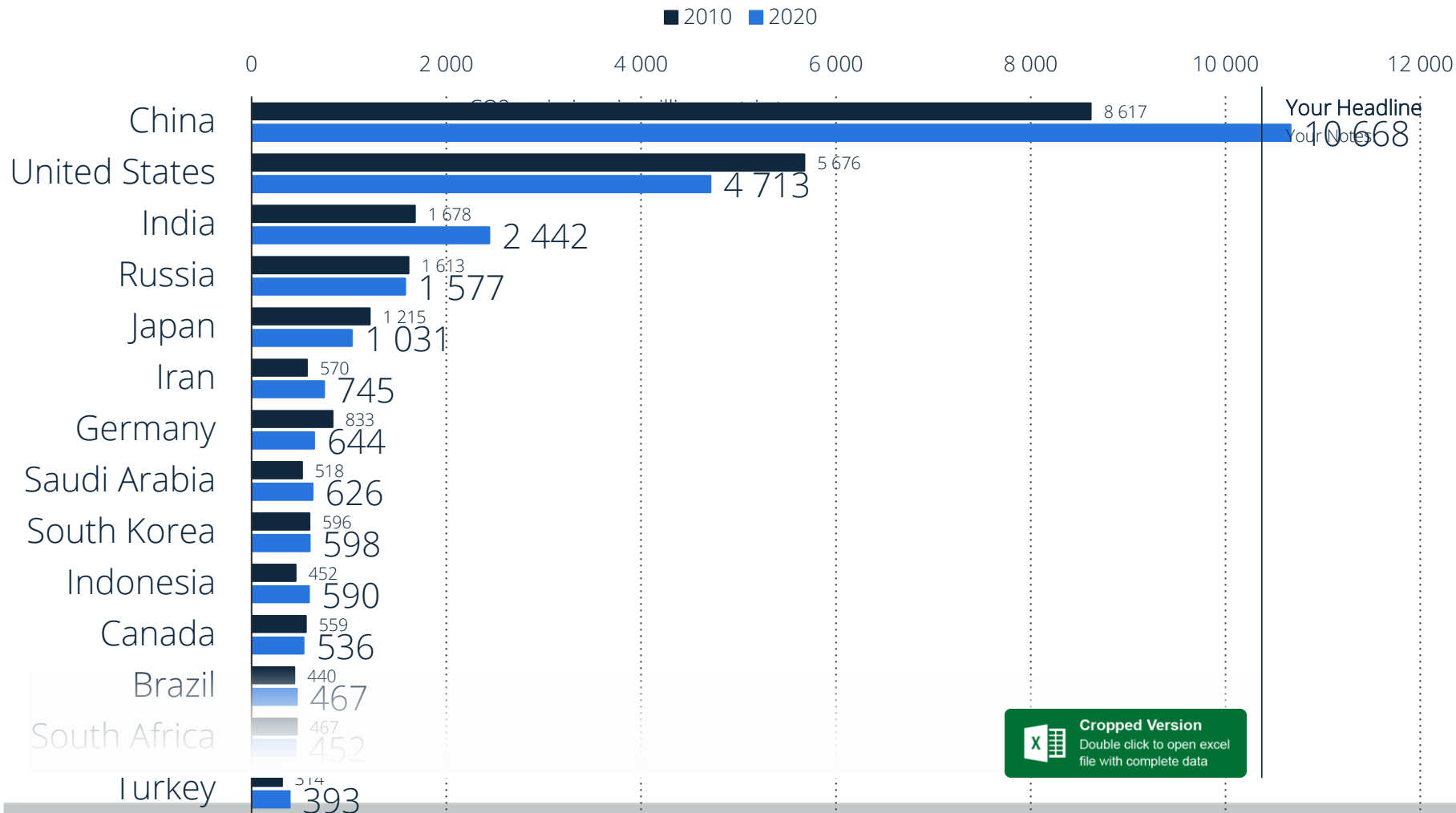
2001 – Marrakesh accords and the Marrakesh declaration

2009 – A draft of the Copenhagen agreement

2015 – Paris agreement

New term: climate refugees

Carbon dioxide emissions in 2010 and 2020, by select country (in million metric tons)



Global CO2 emissions by select country 2010-2020

Cropped Version
Double click to open excel file with complete data

Note(s): Worldwide; 2010 and 2020

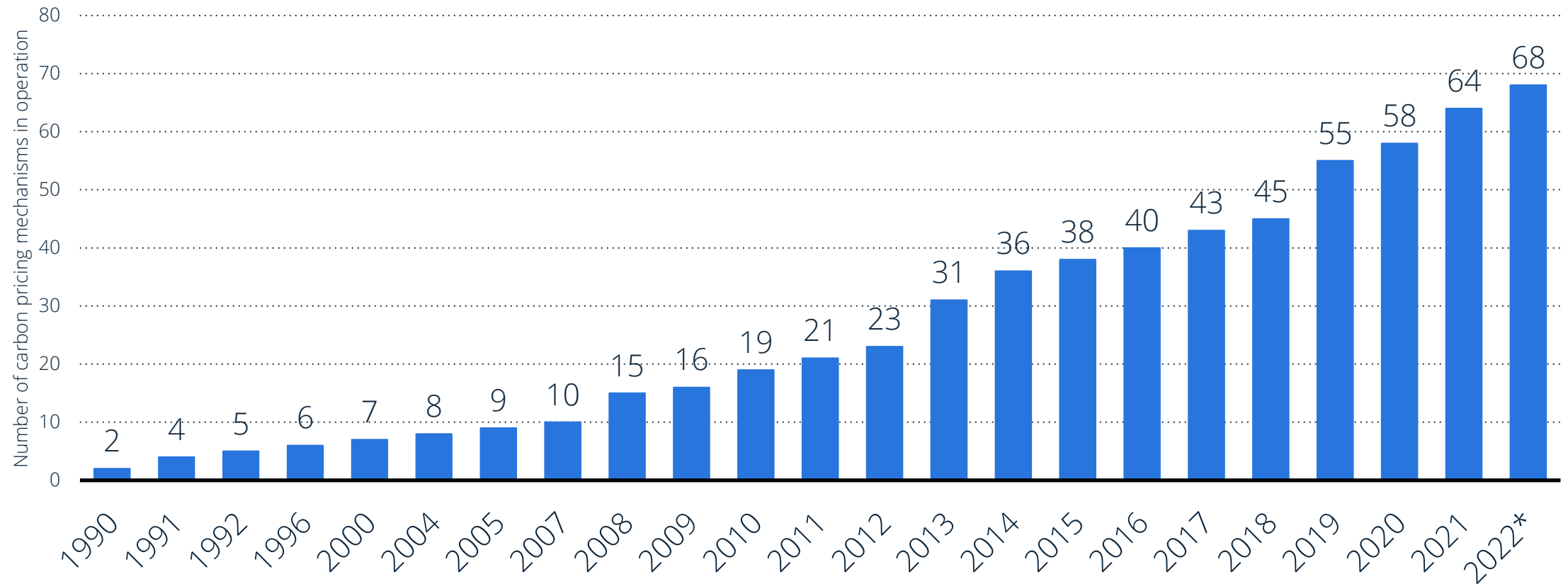
Further information regarding this statistic can be found on [page 8](#).

Source(s): Global Carbon Project; Expert(s) (Friedlingstein et al. (2021)); ID 270499

Number of carbon pricing mechanisms in operation worldwide from 1990 to 2022



Carbon pricing mechanisms in operation worldwide 1990-2022



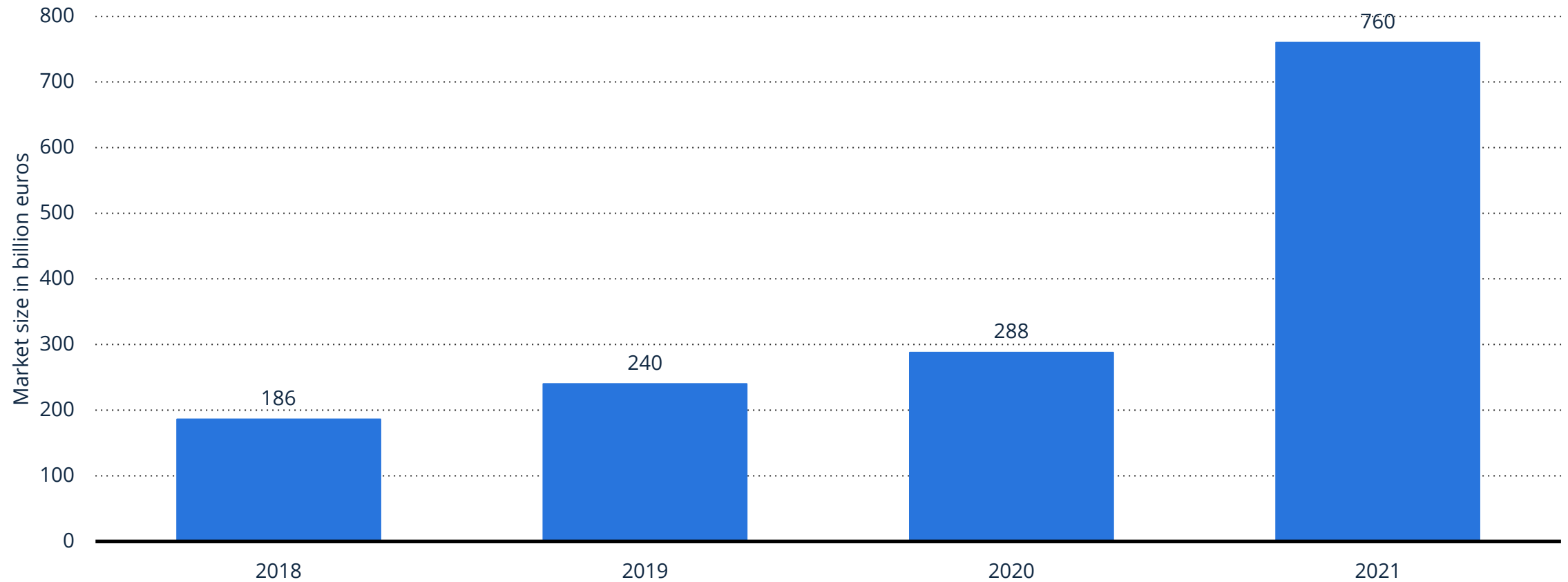
Note(s): Worldwide; 1990 to 2022

Further information regarding this statistic can be found on [page 8](#).

Source(s): World Bank; ID 483565

Value of the carbon market worldwide from 2018 to 2021 (in billion euros)

Global carbon market size 2018-2021



EU Carbon Border Adjustment CBAM



- Comes into force in 2026
- Aims
 - to prevent offsetting EU efforts to reduce greenhouse gas emissions while importing carbon-intensive products from non-EU countries where climate change policy is less ambitious than in the European Union.
 - to prevent the transfer of production or imports of carbon-intensive products from the EU to third countries.
- It is proposed to apply a carbon tax to certain goods imported into the territory of the union.
- CBAM is being introduced in parallel with the current EU Emissions Trading System (EU ETS) to reflect and complement its effect on imports.
- It will gradually replace the existing European Union mechanisms aimed at combating emissions, in particular the free distribution of EU ETS allowances

The regulation



Introduction of new rules for importing products into the EU related to greenhouse gas emissions during their production.

Affected industries:

- metallurgy,
- chemical industry, mineral fertilizer producers,
- traditional energy producers, etc.,

CBAM influences their competitiveness and market share.

Also, the new rules will affect the need for technical re-equipment of companies.

In the future, a significant number of industries will be affected by the relevant regulation.

WTO agreements



AGREEMENT ON IMPLEMENTATION OF ARTICLE VI OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994 (Anti-dumping agreement)

costs shall normally be calculated on the basis of records kept by the exporter or producer under investigation, provided that such records are in accordance with the generally accepted accounting principles of the exporting country and reasonably reflect the costs associated with the production and sale of the product under consideration.

Non-market economies

A new methodology for calculating dumping margins for imports from third countries in case of *significant market distortions*, or a pervasive State's influence on the economy

criteria

- state policies and influence,
- the widespread presence of state-owned enterprises,
- discrimination in favour of domestic companies and
- the lack of independence of the financial sector.

“the same rules for all countries”

“in accordance with WTO rules”

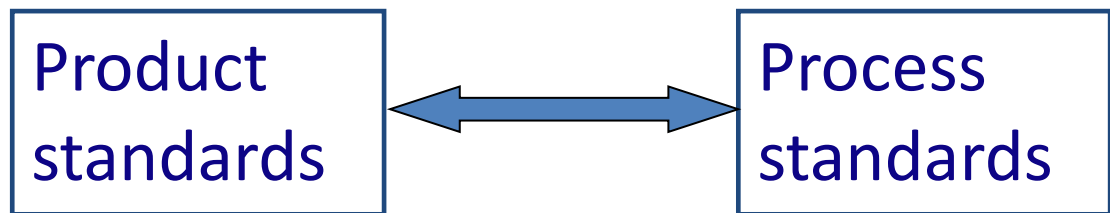
strengthening EU legislation on subsidies: in future investigations, any subsidies identified during the investigation may be included in the final duties

WTO TBT agreement



The WTO ensures that

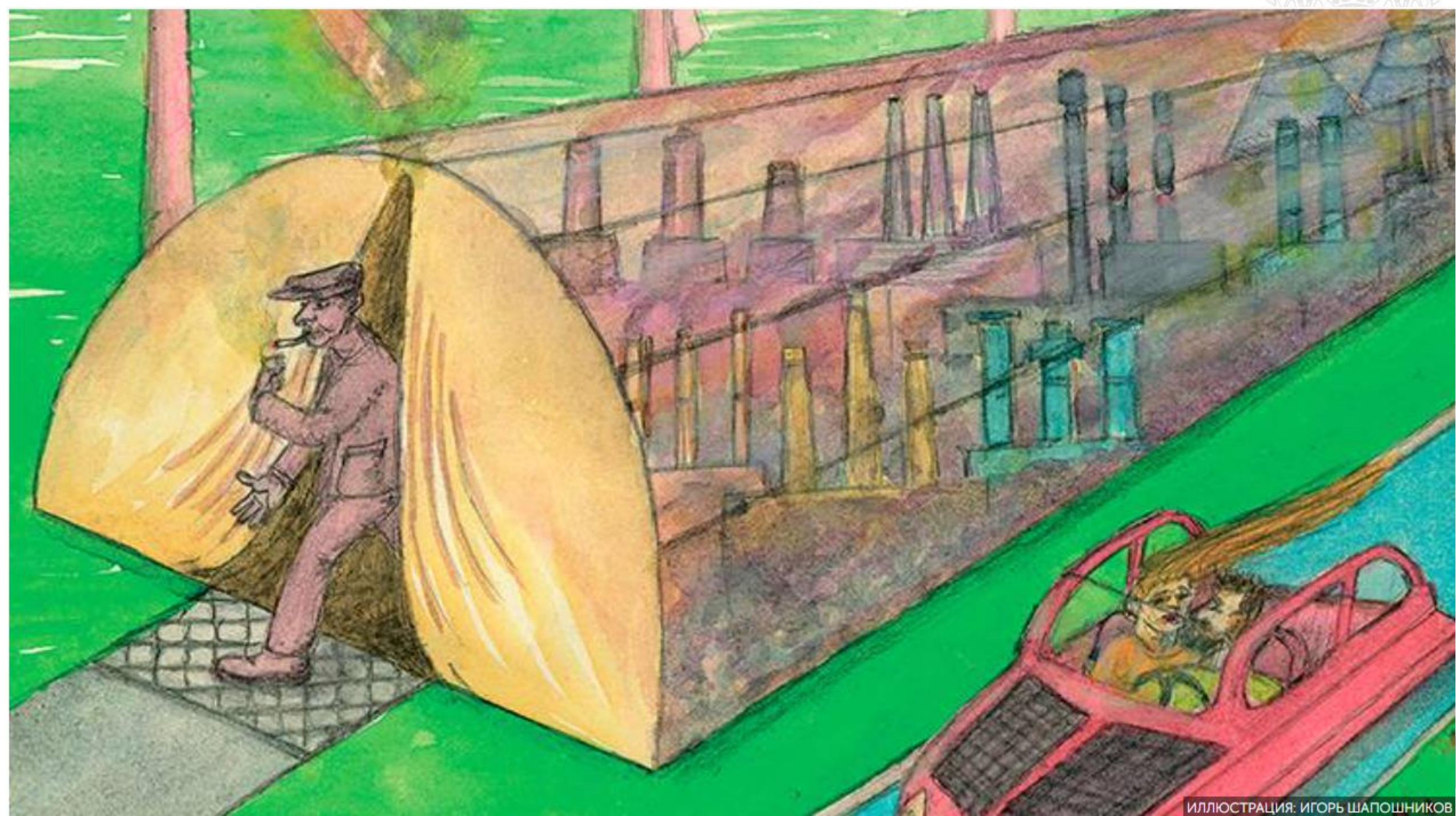
states retain the rights to set their own standards but subjects them to certain requirements regarding the basis for the standards they choose and the process used for creating and imposing standards, countries have a right to adopt and apply standards-related measures as long as these do not restrict international trade more than is necessary. countries should minimize the use of process standards as a basis for technical regulation and focus instead on end-product standards.



Conclusions



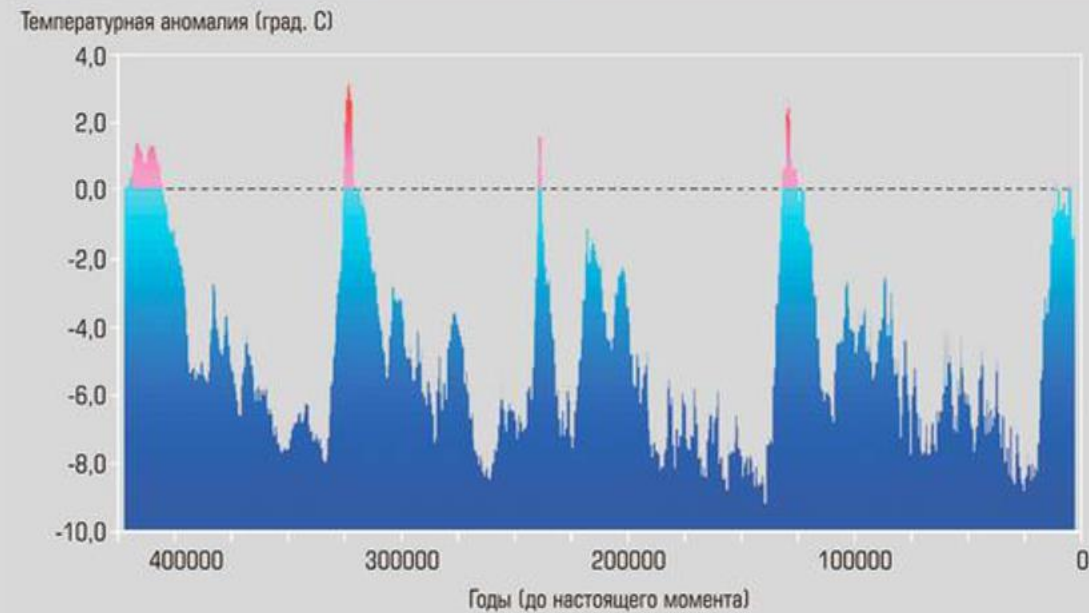
1. No single opinion on the correlation between climate changes and anthropogenic factors.
2. In general, CBAM methodology is inconsistent with the WTO agreements, e.g., Technical barriers to trade.
3. Effects on FDI.
4. Additional tool to improve competitive advantages of European industries
5. De-facto forcing companies in developing countries to undertake heavy investment projects
6. How clean is clean energy?
7. Environmental protection is under the question: in many other cases do not pay attention on carbon footprint





За последние 420 тыс. лет Земля пережила четыре ледниковых периода и пять глобальных потеплений, включая нынешнее. Примерно раз в 100 тыс. лет наблюдался как подъем температуры, так и возрастание концентрации парниковых газов. Затем и температура, и содержание парниковых газов снижались и наступал гораздо более продолжительный период глобального похолодания

График 2



Источник: Petit, J.R., et al., 2001. Vostok Ice Core Data for 420,000 Years. IGBP PAGES/World Data Center for Paleoclimatology Data Contribution Series #2001-076. NOAA/NGDC Paleoclimatology Program, Boulder CO, USA

Эти выводы были сделаны на основе изотопного анализа пузырьков воздуха из реликтового льда, полученного в результате бурения российскими учеными сверхглубоких скважин у станции «Восток» в Антарктиде