

## **ZEP RESPONSE TO ROADMAP ON CARBON BORDER ADJUSTMENT MECHANISM**

The Zero Emissions Platform (ZEP) is a European Technology and Innovation Platform (ETIP) under the Commission's Strategic Energy Technologies Plan (SET-Plan), and acts as the EU's technical adviser on the deployment of Carbon Capture and Storage (CCS), and Carbon Capture and Utilisation (CCU).

ZEP welcomes the opportunity to provide feedback on the Inception Impact Assessment for the EU Carbon Border Adjustment Mechanism.

### **Achieving climate neutrality will prove to be an unprecedented challenge for the European Union.**

The objective of climate neutrality within the European Union by 2050 will require major efforts from all economic sectors in the Union. Energy-intensive industries such as cement, lime and steel are key industrial chains for the European economy, and their pathway towards net-zero greenhouse gas (GHG) emissions will be technically and economically challenging.

CCS and CCU technologies can help support a just transition for its citizens and regions, allowing for a cost-efficient and environmentally safe decarbonisation pathway while maintaining productivity and competitiveness across European industries, creating new jobs and preserving existing ones. However, a range of technological, policy and regulatory measures will need to be put in place for the European Union to meet its climate objectives.

The European Union will need to ensure that a transition to a low-carbon economy in a cost-efficient way. Europe has technological solutions that will need to be urgently deployed and scaled up to create a European CO<sub>2</sub> transport and storage infrastructure. With European storage sites, European CO<sub>2</sub> transport and storage infrastructure and European workforce, the industrial transition can be done. The large-scale deployment of technologies such as CCS and CCU will need to be supported through an adequate policy and regulatory framework, addressing the shortcomings of the existing legislation.

### **A carbon border adjustment mechanism – important to achieve a level playing field and decrease the risk of carbon leakage.**

In absence of a global price for carbon and until countries align on climate ambitions, a carbon border adjustment mechanism will be needed in the European Union to achieve a level playing field between European and international producers. Such a carbon border adjustment mechanism could decrease the risk of carbon leakage in key industrial value chains and support their decarbonisation pathway.

A carbon border adjustment mechanism should be designed to comply with the EU's trade agreements, as well as World Trade Organisation (WTO) rules, and in a manner which works

seamlessly with the climate legislation it aims to adjust for. Accurate carbon accounting will be crucial in this respect.

The current EU Emissions Trading System (ETS) has not yet been aligned with the target of net-zero GHG emissions by 2050. When revised, it will be crucial to ensure a functioning cap and trade system that delivers an adequate carbon price. In parallel, the Effort Sharing Regulation (ESR) must be adjusted to the same level of ambition, so that same conditions are applied to all actors and society as a whole.

To incentivise investments in R&I, pilot projects and demonstration projects, there is a need for an effective carbon price which support and develops European industrial and technological leadership on low-carbon technologies such as CCS and CCU.

To summarise, a carbon border adjustment mechanism may ultimately lead towards a low-carbon European industrial sector, supporting the European Union's pathway towards net-zero by 2050.