

Status of the Border Carbon Adjustments' international developments

First edition 15 March 2021

1st update 28 April 2021

2nd update: 1 June 2021

Dariusz Dybka

Table of Contents

Background	2
EU process	3
US overview	5
California BCA for Electricity Imports	6
New York.....	6
Canada: federal level	7
Canada: provinces and territories	7
Australia	8
China	8
BRIC	9
Russian Federation	9
Belarus	10
UK – COP 26 and G7 presidencies	11
Ukraine	11
Turkey	11
Japan	11
WTO	12
OECD	13
IMF	13
IPCC	13

Background

The first version of this paper was published in March 2021 with the intention to provide an update on the status of discussions on border carbon adjustments (BCA) around the world. The paper is intended to be updated on a regular basis in order to illustrate the latest developments on BCAs.

A BCA is seen as a tool to address the impacts of asymmetrical climate change policies that are emerging under the national determined contributions (NDCs) which Parties to the Paris Agreement have to submit. As a result, the level of effort in different jurisdictions is asymmetrical, resulting in potential impacts on competition and carbon leakage. Countries, especially those that have set ambitious targets and have put in place carbon pricing mechanisms (such as an ETS or Carbon tax),

have concerns regarding the impact of carbon leakage and competitiveness on energy-intensive-trade-exposed (EITE) industries.¹

While under the Kyoto Protocol this was the case only for developed countries, under the Paris Agreement all countries are concerned. Therefore, they seek solutions that will allow them to decarbonize while ensuring that they maintain their competitive stance during this transition period.

Among the solutions put in place to address these issues, free allocation for direct emissions has been the one that has been most used, together with compensation for indirect costs, in some EU jurisdictions. As the level of effort increases, together with the corresponding rise in cost of domestic compliance and the decrease in the amount of free allocation available for EITE industries, new solutions are being explored.

BCAs are not something new, but the EU's political commitment and the expected proposal for a CBAM from the European Commission in June have galvanized discussions and raised interest around the world. So far, California is the only jurisdiction where this tool is used for electricity imports.

EU process

After the 2019 announcement of the European Green Deal, consultations began to prepare the proposal for a carbon border adjustment mechanism (CBAM), to be included in the "Fit for 55" legislative package expected in June 2021. As part of the official consultation process, the Inception Impact Assessment and the Public Consultations took place in 2020. Following this process, the European Commission will finalize the Impact Assessment, which will accompany the proposal.

The European Commission was initially considering four options for a CBAM design: 1) Import tax; 2) ETS extension; 3) Notional ETS with a separate pool of allowances; 4) Consumption tax (excise or VAT type). Currently, No. 3 is widely considered the preferred option.

In the meantime, the European Parliament used its prerogative to build its own non-binding position through the Own Initiative Towards a WTO-compatible EU Carbon border adjustment mechanism. The Plenary vote took place at the beginning of March and provided some indication on where the EP stands on the CBAM, before the EC put forward its proposal and formal negotiations start among the European Commission, Parliament and Council in the second half of 2021.

The heated debate during the European Parliament's plenary on March 8th resulted in a compromise. The resolution includes the removal of a reference to CBAM as an alternative to current carbon leakage measures and avoids calling for the gradual phase-out of free allowances. The Parliament's resolution still underlines the absence of a double protection for the EU industry, which can be interpreted as the coexistence and not the overlap between free allocation and CBAM.

¹ [ERCST CBAM for the EU – Policy Proposal published on April 22, 2021](#)

On 23 March 2021, several European countries, including France, Austria, Czechia, Denmark, Lithuania, Luxembourg, Slovakia, Spain and the Netherlands called for an effective, legitimate and fair mechanism for a BCA². **Member States** solidify their initial positions towards the start of the formal negotiations after the publication of the European Commission proposals.

On the other hand, there are different signals coming from Germany and France. Internal discussions in Germany from the pro-business Free Democratic Party (FDP) suggest a plan to enter the upcoming election campaign with a pledge to extend emissions trading as the main tool for fighting climate change. The party wants to extend trading to all sectors and other geographic areas as quickly as possible in order to protect the climate "in a market-based and scientifically secure manner."

The **German** government said it could launch its scheme for carbon contracts for difference (CCfDs) this year to spur decarbonisation of its heavy industry. The BMU said that it intends to award 10-year contracts for the pilot phase, financed by the national Energy and Climate Fund (EKF).

Portugal's Environment Minister Joao Pedro Matos told that the nation already has around €10 billion of private investment lined up for eight hydrogen projects and will start the production of the green fuel by the end of next year. In the **Netherlands**, the €5 billion SDE++ program to stimulate sustainable energy production also aims to pay a 'strike price' for green hydrogen output and carbon capture and storage (CCS) deployment. Similarly, the **UK** government has also shown interest in supporting CCUS investments through CCfDs, tied to its post-Brexit ETS launched on Jan. 1 and forming part of its £800 mln CCUS Infrastructure Fund.

The European Commission on May 5th presented an updated EU Industrial Strategy, underlining its support for European clean steel production and hinting at the creation of an EU-wide carbon contract-for-difference (CCfDs) scheme. The European Commission is considering whether to propose financing an EU-wide carbon contracts for difference (CCfD) scheme through the ETS Innovation Fund. The **French** President, Emmanuel Macron, held a Summit on the 16 April 2021 inviting China's leader, Xi Jinping.³ Germany hosted annual Petersberg Dialogue on May 6th.

While **Poland** suggests the carbon border levy should start with steel, cement and fertilisers, said Adam Guibourgé-Czetwertyński on April 29.

The **Commission's leadership** continues to stress the fact that CBAM would remain obsolete in the case that the other economies would follow the Paris Agreement. EU's Climate Commissioner Timmermans stated, "the EU would have "no hesitation" in using a carbon border adjustment mechanism to protect its industries if the bloc's trading partners put companies in the region at a disadvantage over climate targets". **Brussels** said that the mechanism will be designed to target imports "surgically", and it is expected to be applied initially to certain goods from neighbouring countries in Eastern Europe, Turkey and North Africa.

² <https://www.politico.eu/article/europe-climate-change-carbon-leakage/>

³ <https://www.reuters.com/business/environment/chinas-xi-attend-climate-change-summit-video-conference-with-france-germany-2021-04-15/>

On May 22, at the finance ministers meeting in Lisbon, EC Executive Vice-President Valdis Dombrovskis said that CBAM is an environmental measure. It will address the risk of carbon leakage by equalising the prices of carbon paid for domestic and imported products. It should incentivise greater use of carbon pricing globally – EU is expecting to get a consensus on a targeted CBAM proposal that is gradual over time, and WTO compliant.

A day before the Leader’s Summit on Climate, hosted by the U.S. President Joe Biden, representatives of EU governments and the European Parliament agreed in principle on the so-called **European Climate Law**, which foresees a reduction of at least 55% in net greenhouse gas emissions by 2030, compared to 1990 levels, and net zero emissions by 2050.

During the Summit, the President of the European Council Charles Michel, said “preserving a global level playing field is essential. We must set the right incentives at the global level. Because carbon leakage across our economies is detrimental. That’s why we intend to introduce a carbon border adjustment mechanism. This is needed to ensure a level playing field. And it must be compatible with WTO rules. We are ready to work with all our partners on carbon pricing.”

A draft law on the EU carbon border adjustment mechanism is due to be unveiled on July 14 as part of a broader package of measures to adjust the EU economy to a stricter climate goal for 2030.

US overview

A series of recent White House announcements have put the climate policy at the center of the political agenda of the new Administration: a commitment to a decarbonized power sector by 2035, a net zero economy by 2050 and the organization of a climate summit in April were expected to give a legislative action boost on a federal level. That said, US climate envoy John Kerry warned the EU to wait until after the COP summit to move forward with the CBAM⁴.

Joe Biden announced during his opening remarks for the two-day summit that the U.S. will reduce its own greenhouse gas emissions by 50%-52% from 2005 levels by the end of the decade. The U.S. is comparable, but less ambitious than the European Union’s target of reducing its emissions 55% from 1990 levels by 2030, and it falls below a coming U.K. goal to achieve a 78% reduction by 2035 from 1990 levels. A 50% cut from 2005 emissions would amount to just a 40% cut for the U.S. when recalibrated to the same 1990 baseline.

The Leader’s Summit on Climate on April 22-23, saw the participation of 40 global state leaders including China, Russia, EU, as well as leaders from the business environment and international institutions. This summit proved that climate change is a common trans-border issue which allows for

⁴ <https://carbon-pulse.us10.list-manage.com/track/click?u=98e16e4087837ec9f0445f260&id=e45b3fb931&e=01ed772568>

dialogue and remains a central ground of communication beyond the differences that arise in the international diplomacy.

The Biden Administration might consider a border carbon tax as part of its trade agenda⁵. As it was an integral part of the presidential campaign, it would follow the logic that expects domestic polluters to bear the full cost of their carbon emissions and would impose carbon border adjustment fees or quotas on carbon-intensive goods from countries that are failing to meet their climate and environmental obligations.⁶

What is less clear, however, is how a BCA could be calculated without a federal carbon price. A number of more detailed policies already exist or are under discussion at a State level. There's no specific proposal at the moment, but generally speaking, goods that are particularly carbon-intensive include cement, steel, aluminum and fertilizer.

West Virginia Attorney General Patrick Morrisey is leading 19 states seeking Supreme Court review of the scope of the US EPA's authority over GHGs. The new petition from the conservative-leaning states asks the high court to review January's appellate ruling that struck down the Trump-era Affordable Clean Energy Rule – the replacement to the Clean Power Plan – on power plant CO2 emissions. The Trump rule adopted a narrow view of EPA's Clean Air Act authority that the US Court of Appeals for the DC Circuit rejected in January. If the high court accepts the case, it would set up an extremely high stakes legal battle before the court's 6-3 conservative majority.

California BCA for Electricity Imports

California's ETS contains a provision of "first deliverers" of electricity being liable for emissions of electricity imported from outside California (in the US). Where the carbon intensity of an electricity source is unspecified, it is assumed to be above the coverage threshold and subject to a default emissions factor.

This can create the challenge of resource shuffling – entities which lower their compliance obligation by substituting low-carbon electricity and swapping out related PPAs. This has been addressed by updating the regulatory framework, which now expressly forbids resource shuffling and sets out a detailed list of "safe harbor" practices. In a nutshell, these are changes to electricity offtake arrangements that are not considered resource shuffling.

New York

The Regional Greenhouse Gas Initiative (RGGI), covering 11 North-Eastern and Mid-Atlantic States, puts a regional cap on emissions from power generation. The program began in 2009 and the price of carbon in RGGI is around \$6/ton. In **the State of New York**, the Independent Service Operator (NYISO) released its final draft of a Carbon Pricing Proposal to formally put a price to carbon dioxide emissions on the wholesale power market – and it contains a BCA provision. To avoid creating distortions, the

⁵ <https://www.bloomberg.com/news/articles/2021-04-23/biden-exploring-border-adjustment-tax-to-fight-climate-change?sref=vdNmoUJL>

⁶ <https://joebiden.com/climate-plan/>

NYISO proposes to apply carbon charges to external transactions so as to make them compete with internal resources (and each other) as if the NYISO was not applying a carbon charge to internal suppliers (i.e. on a status quo basis).⁷

Canada: federal level

The Canadian provinces of Saskatchewan, Ontario, and Alberta went to court to argue that the Greenhouse Gas Pollution Pricing Act was unconstitutional because Ottawa was stepping into provincial jurisdiction. Appeals from the courts of Saskatchewan and Ontario in 2019 determined that the policy was constitutional, while in February 2020 the Alberta Court of Appeal said it was not. The cases were all appealed to the Supreme Court, which ruled on March 25, the carbon price being a federal prerogative, against that the energy issues reserved traditionally to the provinces.

The type of policy instrument matters, too. Calling the regime a tax, it could probably take advantage of leeway under WTO law to adjust taxes on exports (A. Cosby, 2021).

Canada is exploring the potential of a border carbon adjustment and has committed to discussing this idea with international partners⁸. This type of adjustment is intended to prevent carbon leakage. The **policy instrument** would presumably be the output-based pricing system (OBPS), a regime established under the Greenhouse Gas Pollution Pricing Act. The GGPPA gives flexibility to provinces by establishing a minimum CO₂ price. The charge, which will rise to \$50 per ton of CO₂ by 2022, began at \$20 in 2019 and will increase by \$10 per year until 2022, in discussion is \$170 by 2030⁹.

The Canadian government will soon launch a consultation process on a carbon border adjustment mechanism (CBAM), while it also explores options for carbon capture, utilisation and storage (CCUS) tax credits and other climate funding strategies to hit a more ambitious GHG reduction goal. On the grounds of climate diplomacy, it must also be recalled that in the past Canada has cohosted MoCAs¹⁰ together with the EU and China, in the absence of US engagement.

Canada: provinces and territories

Although there are regional carbon markets linkages on a subnational level (California/Quebec), establishing a border adjustment is a federal competency. Provincial regulations are supported by local statutes and autonomies. The Government of **British Columbia** introduced a carbon tax in 2008. **Quebec** participates in an international emissions trading scheme with the US state of California. **Alberta** announced a carbon tax in 2015. **Ontario** joined the Western Climate Initiative in 2017 but later withdrew. The **New Brunswick** Progressive Conservative government on May 11, said it will reduce personal income taxes to blunt the impact of the Canadian province's abbreviated C\$40/tonne

⁷ [NYISO Carbon Pricing Proposal](#)

⁸ [Statement \(roadmap\)](#)

⁹ [strengthened climate plan](#)

¹⁰ https://ec.europa.eu/clima/events/ministerial-climate-action_en

carbon levy on fossil fuels, resurrecting an idea put forth by the federal Liberal Party over a decade ago.

In the event of no single carbon price in Canada, will there be a need for an adjustment on the provincial border? It's more likely that any BCA would assume that the Federal level GGPA was the prevailing policy instrument. This could be justified by the legal assumption, made in the GGPA, that if the provinces don't have regulations of equivalent effect in place, the GGPA will apply as a federal backstop.

A key issue for Canada is how to move forward with any BCA or similar instrument, given Canada's intense and complex trading relationship with the United States. The US, as noted above, do not have a carbon price, so it is not clear either how they might protect their EITE firms in the context of high climate ambition, or how Canada might coordinate with whichever policies the US do put in place.

With the support of the WTO Secretariat, Canada has recently organized a webinar on border carbon adjustments for WTO negotiators including a significant number of other stakeholders, and which attracted significant interest¹¹.

Australia

Canberra, which has refused to commit to a net-zero emissions target by 2050, is concerned that the measures could hit Australian exporters. The Trade Minister Dan Tehan is trying to lobby his counterparts to drop plans for a CBAM.

China

China remains cautious towards the EU CBAM, especially because of trade issues. China's NDC and climate policy is based on the announcement of carbon neutrality by 2060 and putting the power sector under an emissions trading scheme.

The impact of the EU CBAM on EU–China relations will depend largely on how it is designed and negotiated. This will also depend on making any EU CBAM WTO compliant. Using revenues and allowing for crediting of existing policies will be important considerations in these discussions.

Chinese President Xi Jinping slammed the EU's plan for a CBAM in a call with the leaders of France and Germany, "tackling climate change is a shared responsibility ... and should not become a geopolitical bargaining chip or used to attack other countries (or impose) trade barriers," Xi told France's Emmanuel Macron and Germany's Angela Merkel on the sidelines of a virtual climate summit on April 16, 2021.

On the ETS, China's environment ministry has asked the cement industry's main association to prepare the sector's entry into the national emissions trading scheme, which could happen as soon as next

¹¹ <https://twitter.com/CarolynDeere/status/1367381457602232320/photo/1>

year. China is looking to bring two more sectors into its national emissions trading scheme from next year, according to the chairman of the carbon exchange in Shanghai.

Extensive overview of Chinese carbon policies is available in the World Bank's State and Trends of Carbon Pricing 2021 p.65 ¹²

BRIC

Brazil, South Africa, India and China say EU plans for a carbon levy on imported products like steel and cement will unfairly penalise their economies.¹³

Interpretation from the CBAM Sectoral Analysis [report by the European Roundtable on Climate Change and Sustainable Transition](#) singled out that the industries beyond the EU sectors that will be most affected by the EU proposal include Colombia's cement industry, China's plastics sector, North African fertiliser and South American pulp exports.

Russian Federation

The 20th of April 2021, Russian lawmakers gave preliminary approval to the country's **first climate law** which aims to enable emissions trade and require large polluters to report their GHG output.

Ruslan Edelgeriev, Presidential envoy for climate change, during ERCST event on May 25, talked about the Sakhalin pilot emissions trading system, hoping to be recognized as the equivalent measure to the EU's projects. For Russia climate neutrality is possible under conditions of avoiding protective measures. Similarly, China and India remain sceptical and perceive CBAM as the unfriendly unilateral measure, to be discussed with the EU when published. For the emissions intensity he would prefer industrial installation level much more than the exporting country average or even the global / EU benchmark.¹⁴ He expressed the belief in Paris Agreement and expressed not being interested to work outside its framework. At the same time, supporting voluntary markets and global solutions for emissions trading.

Petrochemicals giant Sibur PJSC plans to offset some of its emissions by tapping the carbon-capture potential of Russia's massive forests from 2024. "From 2024, when Russia should adopt a methodology and verification of such projects, we hope to start using this option to offset our carbon footprint," Maxim Remchukov, Sibur's head of sustainable development, said in an interview.

¹²

<https://openknowledge.worldbank.org/bitstream/handle/10986/35620/9781464817281.pdf?sequence=9&isAllowed=y>

¹³ <https://www.climatechangenews.com/2021/04/09/emerging-economies-share-grave-concern-eu-plans-carbon-border-tax/>

¹⁴ <https://carbon-pulse.us10.list-manage.com/track/click?u=98e16e4087837ec9f0445f260&id=74bf3ef77c&e=01ed772568>

Russia must adapt its industries to climate change and establish strict controls in the fight against harmful emissions. That's according to President Vladimir Putin, who said that companies must be punished for causing damage. "We must respond to the challenges of climate change, adapt agriculture, industry, utilities, the entire infrastructure," Putin said. "[We must] create an industry to recycle carbon emissions, achieve a reduction in their volume and introduce strict control and monitoring." Putin also noted that, over the next 30 years, the country could reduce its volume of net greenhouse gases to below that of the EU, which he called a "difficult task" due to Russia's size, geography, and climate.

The Russian Federation has been alarmed by the discussion on an EU CBAM and, together with China, Paraguay, Uruguay and the United States, sought assurances from the European Union that its European Green Deal would be consistent with the WTO principle of non-discrimination. WTO members discussed the European Union's plans for a carbon border adjustment mechanism at the virtual meeting of the Council for Trade in Goods held on 10-11 June 2020¹⁵.

Artem Bulatov, deputy director of the Department of European Cooperation of the Russian Foreign Ministry, during a seminar of the Russian International Affairs Council on the prospects of cooperation between Russia and the EU in the environmental sphere. "We are ready for widest possible cooperation. All our offers are on the table. But we won't be knocking on locked doors. The ball is in EU's court," he said, [according to Russian news agency TASS](#), taking particular issue with the EU's plan to implement a carbon border adjustment mechanism as part of its European Green Deal. "We would like to avoid implementing response measures. We believe that this is not a time for trade wars even under the current geopolitical conditions," he added.

Estimates of the potential impact of EU CBAM on Russia vary from \$3 bln a year, according to the Russian natural resources ministry, to a KPMG forecast of about \$60 bln between 2022 and 2030. The most hit industries are petrochemicals, energy, and aluminum.

Belarus

[Belarus drafts plan to shield itself from EU carbon border measures -media](#)

Belarus is drafting a plan to shield itself from the effects of the EU's planned carbon border adjustment mechanism (CBAM), a government official said 18 May, according to national media reports. Country which has sizeable cement, lime, and oil refining industries, becomes another EU neighbour to have taken action to mitigate the effects of the 27-nation bloc's planned border measure for their economies.¹⁶

¹⁵ https://www.wto.org/english/news_e/news20_e/good_11jun20_e.htm

¹⁶ Natalya Inchina, a senior official at the Belarusian environmental protection ministry, according to news agency BelTA.

UK – COP 26 and G7 presidencies

The UK is also preoccupied with how to address competitiveness and carbon leakage, considering that it is not part of the EU ETS anymore. It is currently assessing different options and identifying sectors vulnerable to leakage, while evaluating policy options and their implications.

Carbon allowances in the new UK ETS are expected to trade in line or at a slight discount to their EU counterparts from the launch of trade on May 19th, though concerns over liquidity and market design is leading some experts to believe UKA prices could surpass those on the continent in the coming months.

The UK will have an important and visible role in 2021 as Chair of G7 and president for COP 26 in Glasgow. Recent statements from Prime Minister Boris Johnson point to consideration being given to making this an item for discussion at the G7. Raising this at COP26 may be politically sensitive.

Ukraine

Ukraine is in a transition period towards establishing the ETS system and eventually linking it with the EU ETS. Ukraine may consider mechanism like EU CBAM¹⁷ as a part of such transition. This could be supported by existing bilateral or regional arrangements – such as the EU Association Agreement – as grounds to merit an exemption. Firstly, countries in such relationships have close and deepening trade relationships with the EU. Secondly, as part of their agreements, those countries have typically committed to strengthen environmental and climate policies by adopting the EU's *acquis*.

Ukraine, a major steel producer, in March launched a working group to negotiate with the European Commission on the implementation and implications of the CBAM for the country – which has an association and free trade agreement with the EU.

Moreover, Kyiv intends to launch its own carbon market mirroring the EU ETS from 2025.

Turkey

The European Bank for Reconstruction and Development (EBRD) is working with Turkey to develop a domestic carbon market in order to prepare the country – one of the EU's largest trading partners – for the introduction of protective border measures by the neighbouring bloc.

Japan

Japan announced its target of carbon neutrality by 2050. This pledge should be fulfilled mostly through electrification and decarbonization, including negative emissions. However, on the carbon market this is still limited to the automotive sector through carbon offsets and the first mandatory ETS was

¹⁷ <https://eba.com.ua/en/plata-za-klimatychnu-bajduzhist-chy-proteksionizm/>

established in the Tokyo Metropolitan area¹⁸. In the view of summer 2021, Japan is considering a carbon border tax that would impose tariffs on imports from countries with insufficient environmental standards.¹⁹

Japan is considering upping its ambition under the Paris Agreement to a 40% cut below 2013 levels by 2030, compared to the current goal of 26%, according to the Kyodo news agency.²⁰

WTO

WTO discussions on BCAs are still at a relatively initial stage. At this point, the EU is the only stakeholder with a working plan aiming to achieve a BCA – other WTO members are at a less advanced stage (e.g. Canada is only starting to explore how/whether a BCA could be designed).

The Council for Trade in Goods required further details on how a BCA would be implemented and the assurance that it will not be used as disguised barriers to trade. The EU presented the Green Deal at the Committee on Trade and Environment and received questions on the design and implementation of the BCA²¹.

On 12th and 16th November 2020, at a meeting of the WTO Committee on Market Access, WTO members raised a number of trade concerns, including the EU's planned CBAM. During this meeting, members were concerned about the consistency of a future CBAM with WTO rules and requested the EU to shed light on the status of the relevant legislation, as well as the sectors and products affected. Several members pointed out this measure needs to be designed and implemented fairly, recognizing carbon pricing systems already in place in other countries (including at the sub-national level) and recalled the Paris Agreement's principle of "common but differentiated responsibilities."

Similarly, some members criticized the EU's intention to use the CBAM as a new source of EU own revenue. Not aiming at climate protection, this would set economic and fiscal objectives.

In March 2021, the WTO convened the inaugural meeting of a new "Trade and Environmental Sustainability" joint initiative group, which is expected to be a forum to discuss carbon border taxes. Over 50 WTO member countries have already expressed their interest in participating to identify goals and objectives related to trade and sustainable development through "structured discussions ... on actions and deliverables" in this area.

French Finance Minister Bruno Le Maire and WTO's new leader Ngozi Okonjo-Iweala told during a press conference in Geneva that they would set up a working group to examine the proposed CBAM. The plan, which is still in the early planning phases, would be aimed at shielding EU companies against

¹⁸[https://icapcarbonaction.com/en/?option=com_etsmap&task=export&format=pdf&layout=list&systems\[\]=5](https://icapcarbonaction.com/en/?option=com_etsmap&task=export&format=pdf&layout=list&systems[]=5)

¹⁹ <https://www.nippon.com/en/news/yjj2021021400298/>

²⁰ Japan considers raising Paris emissions reduction target to 40% -reports

²¹ https://www.wto.org/english/news_e/news20_e/envir_20nov20_e.htm

cheaper imports from countries with weaker climate policies. Le Maire said the working group being set up between the WTO and a number of European countries would mull "how to ensure that this mechanism conforms with WTO rules and how to guarantee a fair transition for developing countries." France, which takes over the EU's rotating presidency next January, was intending on ensuring that the new mechanism "respects WTO rules".

OECD

The incoming secretary-general of the OECD, in an interview with the Financial Times, Mathias Cormann²² added that the same internationalist principles should make the EU think twice before introducing unilateral tariffs to punish countries that take a different approach to global warming.

Export issues, political acceptability, equivalence of measures and calculation of its value – are central to the discussion in the OECD Round Table on Sustainable Development ²³

IMF

IMF also appears on the map of key fora where carbon border adjustments can be discussed. At the moment the global climate price floor would be seen as a solution looking for the global carbon price.²⁴

IPCC

The EU cannot neglect the projected growth in emissions from least-developed countries (LDCs) when designing its carbon border adjustment mechanism (CBAM), an IPCC senior advisor said on March 23²⁵.

²²<https://www.ft.com/content/870bca64-8b75-45d3-8ca7-840cb0a7d652>

²³ [Ensuring the Acceptability of Border Carbon Adjustments](#), 25 March 2021

²⁴ High-level conference - Carbon Border Adjustments for Climate, Paris March 23, 2021

²⁵ [EU carbon border levy "can't neglect least-developed countries", says IPCC advisor](#)