

EPF Feedback on the Inception Impact Assessment of the carbon border adjustment mechanism

The European Panel Federation (EPF), warmly welcomes the Impact Assessment of the carbon border adjustment mechanism. Such a mechanism is a fundamental tool for the implementation of an effective climate policy in a globalised economy and to ensure international competitiveness of European industries. The support of appropriate carbon pricing should send a clear message for long-term sustainable investment to back the transition to carbon neutrality by 2050 while preventing employment and market shares losses within the European Union. In this respect EPF calls on the European Commission to consider the following points when elaborating its proposals for a carbon border adjustment mechanism:

- Since the actual calculation to decide whether an industry can be included into the carbon leakage list is based on the direct and indirect carbon costs of its products, the actual embodied carbon content of imported products should similarly be considered within the framework of the BCA mechanism;
- In order to avoid delocalisation and to promote effectiveness in carbon leakage prevention, all products' related carbon emissions should be taken into account and specifically those related to transport. More specifically, the 'cradle to gate' approach for raw materials (EN 15804) within the framework of the Environmental Product Declaration fails to reflect transport carbon emissions. A common EN standard should therefore be developed to encompass transport related emissions for both EU manufactured and imported products;
- More stringent measures should be considered for imported products manufactured in non-EU countries that are not signatories of international climate agreements such as the Kyoto Protocol and the Paris Agreement;
- Attention should be given to potential attempts to bypass the carbon border adjustment mechanism for imported semi-finished products. Exporters may try to bypass the mechanism by moving up or down the value chain to trade precursors or derivatives instead of the product itself. Action should therefore be taken to discourage this type of behaviour;
- The scope and levels of the carbon border adjustment mechanism should comply with EU, WTO and other international rules;
- Unnecessary administrative complexity and compliance costs should be avoided.

EPF represents the manufacturers of wood-based panels being particleboard, dry process fibreboard (MDF), oriented strand board (OSB), hardboard, softboard and plywood. EPF has members in 32 European countries. The EU wood panel industry has a turnover of about 22 billion euro every year, creates over 100,000 jobs directly and counts more than 5,000 enterprises in Europe. The production of wood-based panels in the EU-28 (+EFTA) in 2019 was an estimated 57.6 million m³.