

CMW's view

As often stated by the Commission, the CBAM is a climate policy tool. As such, its revenues should be channelled towards climate action and invested in the most vulnerable countries in the form of international climate finance.

Furthermore, allocating CBAM revenues to the EU's budget would raise legal challenges under the WTO and could strengthen partner countries' perception that CBAM is a protectionist and fiscal measure.

In contrast, using the revenues to fund climate action in more vulnerable countries or to contribute to international climate finance would further demonstrate its climate objective and send a strong diplomatic message to trading partners, easing some of the tensions created by CBAM.

Channel revenues from the sale of CBAM certificates to support vulnerable countries in their efforts to decarbonise their economies

When is the first review of the CBAM Regulation?

Before the end of the 3-year transitional period, the European Commission is required to present a report to the European Parliament and the Council in which it will assess the possibilities to further extend the scope of CBAM to indirect emissions and to other goods at risk of carbon leakage. It will also contain the assessment of the possibility to further extend the scope to embedded emissions of transport (scope 3) as well as to goods further down the value chain and services that may be subject to the risk of carbon leakage in the future.

