
Concept Note

The EU's Carbon Border Adjustment Mechanism (CBAM): Challenges and opportunities for Africa towards a just and equitable transition

Webinar 31st May 2023, 4pm EAT

1. Background and context

The latest IPCC report has demonstrated once more that greenhouse gases from human activities are responsible for global warming, thus leading to an accelerated global climate change. In an effort to reduce Carbon Dioxide (CO₂), the greenhouse gas most responsible for global warming, different policy measures have been introduced.

The Green Deal of the European Union includes a critical instrument – the Carbon Border Adjustment Mechanism (CBAM). The CBAM is aimed at promoting the importation of only products from hard to abate sectors that meet high climate standards and serves to protect EU companies that are meeting such standards while encouraging trading partners to make efforts to reduce emissions. The CBAM aims to prevent the risk of carbon leakage and support the EU's increased ambition on climate mitigation.¹ CBAM aims to equalize the price of carbon within and outside the European Union and is scheduled to become operational in October 2023. It will initially cover products from carbon-intensive sectors such as iron and steel, aluminium, cement, electricity, fertilizers, and hydrogen. The current provisional agreement foresees that imports from the product groups will be subject to a levy when imported into the European Union. This levy is calculated from the amount of emissions caused during production and the then current price of a CO₂ certificate in the European certificate trading system (EU-ETS).

Discussing the CBAM in relation to the African continent is important for two reasons: Firstly, in view of the development of global trade relations, the European economies must have an interest in expanding their trade relations with African partners. Not only as a sales market, but also as a supplier in global value chains, the importance of many African states will increase in the medium term. Their role as suppliers of raw materials will also change. In the future, it will no longer be just about mineral raw materials and oil, but also about hydrogen and possibly electricity. All this will increase the economic interrelations with the African continent and therefore the impact on climate of value chains will become more important.

Secondly, apart from Africa's growing economic importance, documentation of CO₂ emissions is already necessary in many areas. For the sectors from which goods are currently sourced from Africa, little would change at the moment. However, it is to be expected that the instrument will be

¹ https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661

adapted in the future, depending on the success and reactions of European trading partners. The inclusion of further sectors in the CBAM is not excluded in the medium term. But even if there is no legal basis (requirement?) for pricing imports from Africa, the carbon footprint still becomes important for marketing reasons. African producers who want to export into Europe will need to prove the emissions of their products even without CBAM. To an even greater extent, this applies to German companies that produce in Africa, which are often already now subject to sustainability reporting obligations.

With many Africa countries exporting products from the affected categories to the EU, and given the (i) need for a just and equitable energy transition in Africa, (ii) urgent need to curb global emissions to tackle climate change whose adverse impacts remain a major risk to attaining Africa's development goal, (iii) huge investments needed to implement Africa's NDCs, and (iv) growing interest to tap Africa's abundant clean energy resources to produce green hydrogen and related products for use on the continent and exports to the EU, from Africa, African countries need to work together to address challenges posed by the implementation of the CBAM, while turning those challenges into opportunities for accelerating green growth and poverty reduction on the continent.

It is against this backdrop that KAS and the African Climate Policy Centre of the United Nations Economic Commission for Africa organize a webinar to inform about the potential impact of CBAM on the African continent. The webinar also wants to give the audience the opportunity to deepen their understanding about the general proceedings under CBAM ruling.

Programme:

4pm-4.10pm (EAT)	Welcoming Remarks and Introduction Dr James Murombedzi , Head, African Climate Policy Centre, United Nations Economic Commission for Africa
4.10pm-4.30pm (EAT)	Impact of CBAM for least developed and climate vulnerable countries Maryanne Kamau Managing Associate, Sidley Austin LLP
4:30pm- 4.50pm (EAT)	CBAM and its implication for international trade and value chains Dr. Jan Cernicky , Head of Division Economy and Innovation, KAS
4:50pm-5.15pm	Q&A

Moderator: **Linus Mofor**, Senior Environmental Affairs Officer, African Climate Policy Centre, Economic Commission for Africa.

5.20pm

Word of Closure

Anja Berretta

Director Regional Programme Energy Security and Climate Change in Sub-Saharan Africa

Konrad-Adenauer-Stiftung (KAS) is a German Political Foundation providing policy analysis to political decision makers, supports political dialogue in and between countries and promotes capacity building in order to enhance international cooperation and regional integration. The KAS Regional Programme Energy Security and Climate Change in Sub-Saharan Africa has been operational since 2017 with its head office in Nairobi, Kenya. Through the coordination of activities in the Sub-Saharan part of the continent, the Programme has a mission to improve the political and social framework for climate friendly sustainable development and stronger regional and international cooperation on energy security and climate change adaptation/mitigation in Sub-Saharan African countries.

The African Climate Policy Centre (ACPC) of the United Nations Economic Commission for Africa was established at the First Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development (COM) in 2009 with the dual mandate to *provide policy guidance to member countries AND to serve as the secretariat of the ClimDev-Africa programme*. The mandate to provide climate policy guidance to member States included contributing to poverty reduction through successful mitigation and adaptation to climate change in Africa, as well as improving the capacity of African countries to participate effectively in multilateral climate negotiations. Today, ACPC exists in order to motivate, strengthen and enable the transition to climate-resilient development in Africa through responsive policies, plans and programmes that enable transformed economies, healthy ecosystems and human well-being through research and analysis in support of climate-informed social and economic development in Africa; advisory services and technical assistance to implement the Paris Climate Agreement; strengthening and developing human and institutional capacities in member States for climate-resilient development planning, policies and practices; design enabling spaces and convening dialogue to foster strategic alliances and partnerships towards effective climate response and development and catalyzing common Africa positions; and generating, managing and customize multi-lingual knowledge products to effectively communicate climate solutions to key constituencies.