

Dear Sirs,

Following the needs of the Western Balkans companies, Western Balkan Six Chamber Investment Forum (WB6 CIF) is organizing a **working meeting with representatives of the European Commission (Directorate-General for Neighborhood and Enlargement Negotiations (DG NEAR) and Directorate-General for Taxation and Customs Union (DG TAXUD)) with the interested companies from the region**, to discuss about the proposed outlines of the Carbon Border Adjustment Mechanism and its potential effects on their operations.

As part of the European Green Deal, with the European Climate Law, **the EU has set itself a binding target of achieving climate neutrality by 2050**. This goal requires current greenhouse gas emission levels to drop substantially in the next decades. As an intermediate step towards climate neutrality, the EU has raised its 2030 climate ambition, committing to cutting emissions by at least 55% by 2030.

In July 2021, The European Commission has presented the first series of adopted files under the **'Fit for 55' package**. The package contains legislative proposals to revise the entire EU 2030 climate and energy framework, including the legislation on effort sharing, land use and forestry, renewable energy, energy efficiency, emission standards for new cars and vans, and the Energy Taxation Directive.

The Carbon Border Adjustment Mechanism (CBAM) is part of the proposed measures, that will also directly affect the Western Balkans companies, which is designed with the idea to prevent the risk of carbon leakage and support the EU's increased ambition on climate mitigation, while ensuring WTO compatibility.

According to the draft-proposal, the CBAM system will work as follows: EU importers will buy carbon certificates corresponding to the carbon price that would have been paid, had the goods been produced under the EU's carbon pricing rules. Conversely, once a non-EU producer can show that they have already paid a price for the carbon used in the production of the imported goods in a third country, the corresponding cost can be fully deducted for the EU importer. The CBAM will help reduce the risk of carbon leakage by encouraging producers in non-EU countries to green their production processes.

The proposal provides that the CBAM system will be phased in gradually and will initially apply only to a **selected number of goods at high risk of carbon leakage: iron and steel, cement, fertilizer, aluminum and electricity generation**. A reporting system will apply as from 2023 for those products with the objective of facilitating a smooth roll out and to facilitate dialogue with third countries, and importers will start paying a financial adjustment in 2026.

We kindly invite you to actively participate in the meeting, which will be organized online on December 15th 2021, starting at 14:00h.

This is an opportunity for all interested companies to get the information directly from the representatives of the European Commission and to participate in the open discussion.

Link for registration is the following

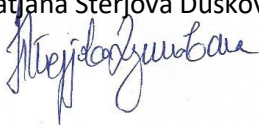
https://us02web.zoom.us/meeting/register/tZlkfumgrzljE9C_Vlqff3zoWLu54v8m0lrB.

After registering, you will receive a confirmation email containing information about joining the meeting.

Working language of the meeting is English.

Sincerely,

Tatjana Sterjova Duskovska, WB6 CIF Secretary General



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DRAFT - AGENDA

15.12.2021, online Zoom meeting

14:00-14:15 **Introductory remarks**

- WB6 CIF – Tatjana Shterjova Dushkovska, Secretary General
- European Commission – DG NEAR

14:15-14:55 **Presentation of the proposed Carbon Border Adjustment Mechanism**

- European Commission - DG TAXUD

14:55-15:30 **Open discussion with the private sector representatives**

