

Inception Impact Assessment Carbon Border Adjustment Mechanism ETRMA contribution

Brussels, 26 March 2020

Introduction

The European Tyre and Rubber Manufacturers' Association (ETRMA), representing the voice of tyre and rubber goods producers in Europe, and its members are fully committed to contribute at large to the objectives of the Paris Agreement and the Climate-Neutrality objectives set in the European Green Deal.

Extensive efforts led to remarkable achievements

The European Tyre and Rubber Manufacturers have since more than 20 years been on the path to develop a more circular tyre and rubber economy, reduce material waste, reduce direct and indirect CO₂ emissions and develop high quality products favouring reduced CO₂ emissions during use. These are just some examples of the actions taken reaching remarkable achievements, inter alia, thanks to the fact that the Tyre industry was included in the list of carbon leakage¹.

A Paris Agreement with a level playing field mechanism

Recognizing that the Paris Agreement objectives have been co-signed by most industrialized countries in the world it is fair to ensure that the EU steps up its effort to influence the carbon footprint of products and services accessing the EU single market from other countries, sometimes, with a less ambitious climate action plan.

Therefore, European Tyre and Rubber Manufacturers looks with interest to the Commission's intention to establish a mechanism permitting both domestic and foreign market player to equally contribute to the effort of EU to meet the global climate objectives.

Recognizing the challenges in setting a fair adjustment process ensuring these will encourage third country producers to deliver on their commitment on the Paris Agreement goal, we call upon the Commission to establish a strong dialogue with the EU stakeholders like our sector. This in the aim to develop the most efficient and fair instrument and avoiding establishing measures that could unintendedly have direct or indirect impacts on our specific sector.

ETRMA

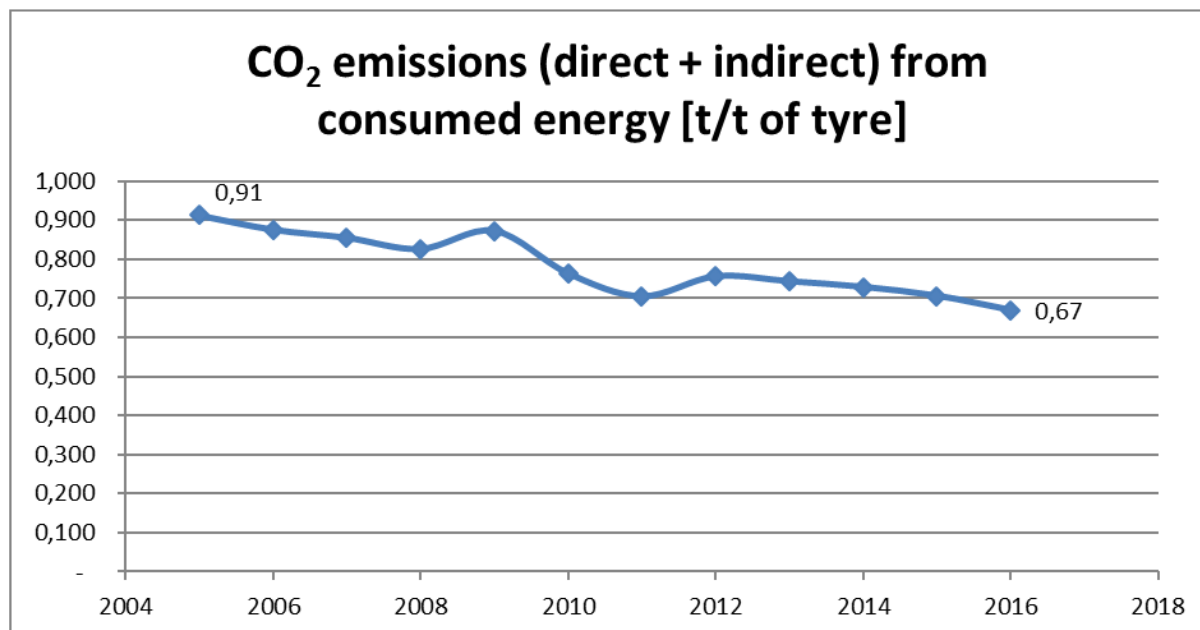
The European Tyre & Rubber Manufacturers Association (ETRMA)² and its members count around 4.300 companies in the EU employing directly 360.000 people. ETRMA tyre corporate companies represent 59 % of global sales and 7 out of 10 are among top 10 world leaders. ETRMA has a strong presence in the EU and candidate countries with 93 tyre-producing plants and 17 R&D centres. www.etrma.org

¹ *The combined exclusion from the list and the 5-fold price increase of CO₂ allowances in the recent past, are not reassuring factors that our industry decarbonisation trend can continue at the same pace in future.*

² *European Tyre and Rubber Manufacturers' Association members (www.etrma.org).*

ANNEX

Tyre sector - CO₂ emissions reduction



Source: ETRMA elaboration based on Member companies data (CO₂ emissions and production) - ETS & non ETS plants

The tyre industry is committed to the decarbonisation agenda of the EU and it has reduced CO₂ emissions from its plants by 20% in the last decade.

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Cost pass-through for tyre sector suggests revenue may fall by €640 million per year by 2030

Variable	2014	2020	2030
Carbon price from EU 2050 roadmap (€/tCO ₂)	5	10	35
Carbon cost as proportion of tyre price (%)	0.08%	0.14%	0.44%
Change in EU production	-1%	-1%	-3%
Revenue lost (€)	120 million	200 million	640 million
Change in EU profits (% change)	-1%	-1%	-4%
Fall in profits (€)	14 million	27 million	90 million
Fall in profits (€/t)	0.3	0.8	2.9
Change in average EU margin (% points)	-0.02%	-0.03%	-0.11%
Change in emissions (% change)	-1%	-1%	-4%
Fall in emissions (ktCO ₂)	23ktCO ₂	36ktCO ₂	102ktCO ₂

Source: ETRMA final report on Cost pass-through in the EU tyre industry – developed by VividEconomics, 2016

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