UK STEEL – SUBMISSION TO EU CBAM REPORTING CONSULTATION

**Date: 11 July 2023
To:** [**Have Your Say Portal**](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13873-The-reporting-obligations-during-the-transitional-period-of-the-carbon-border-adjustment-mechanism_en)

### About UK Steel

UK Steel, a division of Make UK, is the trade association for the UK steel industry. It represents all the country’s steelmakers and a large number of downstream steel processors.

**Submission to the consultation on the reporting obligations during the transitional period of the carbon border adjustment mechanism**

UK Steel welcomes the proposed reporting flexibilities, providing the EU with additional time to agree and confirm reporting requirements and providing importers with additional time to prepare their value chain for these requirements. In particular, allowing other existing monitoring and reporting rules in third countries until the end of 2024 is welcome.

Both the EU and UK steel industries are at risk of carbon leakage. Steel is a global commodity, intensively traded across borders. While 25% of all steel produced is traded internationally, this climbs to 43% in markets outside of China. The UK exports 40% of its steel production, of which 75% is to EU member states (2.5 Million Tonnes), and imports over 60% of its direct requirements, of which 60% are from EU producers (3.4 Million Tonnes). Many steel companies operating in the UK also have plants in EU member states and often products are sent between countries for further processing. It is therefore imperative that an EU CBAM reduces the reporting requirements to enable the free flow of trade, while still providing a robust protection against carbon leakage.

**Mutual recognition**

The former voluntary UK Emissions Trading Scheme (2002-2009) largely inspired the EU ETS, and as a member of the European Union, the UK actively participated in the EU ETS. Since leaving the EU, the UK has created a mandatory UK Emissions Trading Scheme (UK ETS), which follows the same principles of the EU ETS, including its MRV procedure. As these are incredibly similar in robustness, credibility, and level of scrutiny, we would urge the European Commission to fully recognise the emission data submitted under the UK ETS MRV procedure for the purpose of EU CBAM reporting beyond the initial transitional phases. Furthermore, the regulatory framework and its operationalisation within the UK have not changed following the UK’s departure from the EU. As such the provision of data to the UKs relevant regulators, and their verification of it, is the sole point of reporting for UK sites. The relevant UK regulators could pass on this verified data to relevant authorities in the EU for the purposes of EU CBAM, minimising administrative burdens, and therefore costs, for both UK businesses and for EU and Member State authorities. Duplication for UK businesses in reporting leads to duplication in verification – both for UK relevant regulators and for EU authorities who would be compelled to undertake a cross-reference exercise to ensure consistency in reporting.

Similarly, the UK Government is consulting on establishing a UK CBAM as part of its carbon leakage policy package. Should the UK proceed with its own CBAM policy, this may not be a complete copy of the EU policy, as it will need to be tailored to the UK economy. However, it will likely be linked to the UK ETS and follow similar principles. It would therefore be in the interest of both the EU and the UK to agree on mutual recognition of each other’s CBAM polices and MRV emission data.

**For further information, contact:**

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