CBAM and developing countries/LDCs

The European Union (EU) is committed to supporting developing countries and Least Developed Countries (LDCs) in implementing the Carbon Border Adjustment Mechanism (CBAM), greening their industries, and transitioning to renewable energy sources. The EU is also committed to help those countries interested in introducing or enhancing their carbon pricing systems.

As mandated by the CBAM regulation, the EU Commission will conduct a study before the end of the transitional period in 2025 on the impact of CBAM on developing countries, particularly LDCs, and assess the effects of the technical assistance provided.

Given the nature of the goods under the current scope of CBAM, developing countries and LDCs are not the most affected countries with the measure. The World Bank's Relative CBAM Exposure Index provides a tool for a first assessment of the exposure of third countries to the EU CBAM, using carbon emissions intensity and exports of CBAM products to the EU.

Guidance and Technical Support for CBAM

To aid installation operators outside the EU, the European Commission has created a comprehensive guidance document on CBAM (accessible on our website under 'Guidance'), which is available in multiple languages including Arabic, Chinese, French, Hindi, Korean, Spanish, Turkish, and Ukrainian. Additionally, the EU offers webinars, which are recorded and available on our website, with detailed explanations and provides technical support and capacity-building tailored to the specific needs of CBAM implementation.

Support for the Green Transition

Future revenues from the CBAM are not specifically earmarked to finance the green transition in developing countries and LDCs. However, the EU's support for the green transition in these countries is extensive, especially under the Global Gateway - European Commission (europa.eu) and in the African context particularly under the EU-Africa: Global Gateway Investment Package - European Commission (europa.eu). The Global Gateway comprises programs such as the Africa-EU Green Energy Initiative (AEGEI) or the Just Energy Transition Partnerships (JETP) with South Africa, India, Indonesia, Vietnam, and Senegal. The Global Gateway initiative contributes to decarbonising energy systems and reducing emission intensity in production, thus reducing embedded carbon emissions in exports.

For countries in the neighbourhood of the EU, there exist numerous specific initiatives and projects with CBAM relevance. Examples include (but are not limited to):

- Neighbourhood, Development and International Cooperation Instrument Global Europe (NDICI – Global Europe)
- Guarantee programmes to boost investments
 - e.g. <u>EU and European Bank for Reconstruction and Development commit</u> to accelerate green investments in partner countries

• <u>Public institutions building through the Technical Assistance and Information Exchange (TAIEX) initiative and twinning projects</u>

Examples of regional/bilateral programmes in the EU neighbourhood:

- <u>Clima-Med</u>: Supporting the transition of eight partner countries in the Southern Neighbourhood towards sustainable, low-carbon and climate-resilient development.
- <u>MED-GEM</u>: Supporting the development of Green Electrons and Molecules' (GEM) in the Southern Mediterranean Neighbourhood.
- <u>EU4Green</u>: Providing support to countries of the Western Balkan to greening their economies in consultation with all relevant partners and in enhancing monitoring and reporting.
- <u>EU4Energy</u>: Promoting the clean energy transition and empowering consumers through better regulation in Eastern Partnership countries.
- <u>EU4Climate</u>: Aiding governments in the six EU Eastern Partner countries (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine) to take action against climate change and towards a low-emissions and climate-resilient economy.
- <u>Energy Community</u>: Supporting member countries of the Energy Community to adapt to CBAM.
- <u>Green Partnership with Morocco:</u> Advancing the external dimension of the European Green Deal through action on the ground with a focus on climate and energy, the environment including marine and maritime issues, and the green economy.