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TOGETAIR CLIMATE SUMMIT

EVENT REPORT | APRIL - MAY 2021

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TOGETAIR CLIMATE SUMMIT

EVENT REPORT

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The European Union aims to become climate neutral by 2050 and is tightening its climate goals for 2030 as a result. In this special report, EURACTIV looks at some of the implications for business and industry, in partnership with the Togetair climate summit in Poland.

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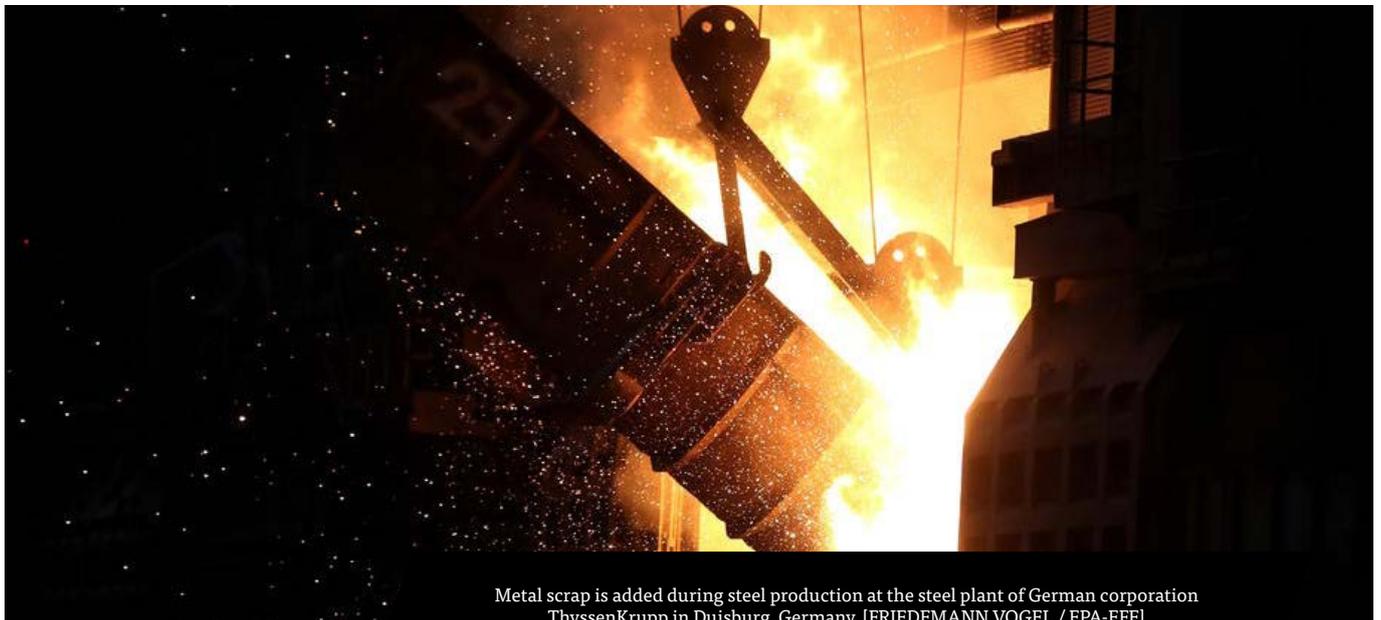
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Carbon border levy should start with steel, cement and fertilisers, says Poland

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By Kira Taylor | EURACTIV.com



Metal scrap is added during steel production at the steel plant of German corporation ThyssenKrupp in Duisburg, Germany. [FRIEDEMANN VOGEL / EPA-EFE]

Steel, cement and fertilisers should be among the first sectors covered by the upcoming carbon border levy aimed at safeguarding European businesses from cheaper CO₂ intensive imports, according to Poland.

“Poland argues in favour of the implementation of a carbon border adjustment mechanism pilot phase, which would include at least the three following sectors at the beginning: steel, cement and fertilisers,” said Adam Guibourgé-Czetwertyński, undersecretary of state in the Polish

Ministry of Climate and Environment.

The European Commission, which announced the border levy as part of its European Green Deal programme of environmental measures, said the goal of the proposal will be to avoid the risk of “carbon leakage” whereby companies relocate manufacturing abroad to countries where pollution costs are lower.

Although there is little evidence of carbon leakage to date, the risk is real and will only increase as the European Union adopts tougher climate goals

for 2030, the EU executive said.

“We think that our approach should be both gradual and economically efficient to allow for a careful impact evaluation and a measured response to prevent carbon leakage, where it is most likely to occur,” Guibourgé-Czetwertyński said [during a conference organised by Business & Science Poland](#), an employer’s association.

The Commission is due to reveal its long-awaited plan for a carbon border adjustment mechanism in June. It will

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start by covering the most carbon-intensive industries.

“We will introduce the measure into a small number of sectors. That will also help us to fine tune the measure and to do an analysis of the other different impacts,” said Vincente Hurtado Roa, deputy director at the EU executive’s taxation branch.

The idea is to protect European industries, which are facing higher carbon prices than foreign competitors in countries like China.

As soon as possible after the first phase, Hurtado Roa confirmed that the levy would expand to other sectors at risk of carbon leakage – companies moving out of Europe, where it is cheaper to emit greenhouse gases. The European Commission currently has a list of around 64 sectors at risk.

Also during the second stage, the Commission will look at introducing the levy to basic materials and what impact this would have, he added.

The carbon border adjustment mechanism will come into force in parallel with the phase-out of free allowances in the EU’s emission trading scheme (ETS), the EU’s carbon market.

These are supposed to prevent carbon leakage but [came under criticism for stalling the ETS](#).

“This system of giving allowances for free will not work in the long run, so we have to face this. It is not an adequate measure in the long run,” said Beatriz Yordi, director for European and International Carbon Markets at the European Commission’s climate department.

But Guibourgé-Czetwertyński insisted that it is “important to keep the pool of free allowances in the ETS,” saying this is “a complementary tool with the carbon border adjustment mechanism” which have “a very different goal.”

Last month, the European Parliament seemed to back Poland’s view by rejecting proposals to scrap free ETS allowances once the planned carbon border adjustment mechanism is in place.

WTO COMPATIBILITY

However, keeping the system of free allowances in place in addition to the carbon border levy would amount to double compensation for EU industries, which runs in contradiction with World Trade Organisation (WTO) rules, the European Commission warned.

Very aware of this, the EU executive insists that the carbon border levy is aimed at helping Europe meet its climate goals, not at improving the competitiveness of EU industries.

“Competitiveness is not per se an objective, it is not an objective at all. It’s not a trade measure at all – I have to say that. It’s purely an environmental measure,” said Hurtado Roa.

Another key point for the future levy’s WTO-compatibility is how the money collected will be used. Here, officials insist that the revenues generated will be recycled to finance the green transition in Europe and globally, a move aimed at alleviating concerns about WTO compatibility.

“The introduction of the measure and the design of the measure has

very, very little or nothing to do with making an own resource” for the EU budget, Hurtado Roa said.

RUSSIA TO BE IMPACTED MORE THAN CHINA

While the US is also considering some sort of levy on carbon-intensive imports, other countries have been suspicious of it. China recently [slammed the idea in a call](#) with German chancellor, Angela Merkel, and French president Emmanuel Macron.

“Tackling climate change is a shared responsibility ... and should not become a geopolitical bargaining chip or used to attack other countries (or impose) trade barriers,” said Xi, according to state broadcaster CCTV.

But although China has been very vocal against the levy, it may be Russia that risks being impacted more, said Nick Mabey, chief executive at E3G, a climate think tank.

“Most of the sectors we’re talking about China has very little trade in, but Russia has a lot of trade, particularly in cross border electricity, but also in aluminium and fertiliser,” Mabey said.

“So Europe needs to talk to Russia about the implications of its new rules on border taxes,” he said.

The EU executive believes it can use the carbon border levy as leverage to persuade other countries to decarbonise. Pressure will be on companies and governments of third countries to reduce greenhouse gas emissions, said Hurtado Roa.

Michal Kurtyka: Solar rooftop in Poland grew '100 times more' in five years

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By *Frédéric Simon* | EURACTIV.com



Video: <https://eurac.tv/9ST4>

In a video interview, Poland's climate and environment minister speaks about the government's efforts to phase out coal and develop a more diversified energy mix in Poland, saying solar rooftop has brought "a real revolution" in the way Polish people perceive the climate crisis and the energy transition.

PROMOTED CONTENT

DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV Media network.

How to reconcile the EU climate ambitions and competitiveness – will CBAM square the circle?

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By Bartek Czyczerski | TOGETAIR

LIVE STREAM 21 April, 2.10 p.m. - 3.20 p.m.

CBAM: reconciling EU climate ambitions with competitiveness

List of speakers:

- **Mr Adam Guibourgé-Czetwertyński**, Undersecretary of State, Ministry of Climate and Environment, Poland
- **Ms Beatriz Yordi**, Director for European and International Carbon Markets in DG CLIMA, European Commission
- **Mr Vicente Hurtado Roa**, Deputy Director in DG TAXUD, Indirect taxes other than VAT
- **Prof. Freya Baetens**, Public International Law at Leiden & Oslo University
- **Ms Tove Andersen**, Executive Vice-President for Europe, Yara
- **Dr Susanne Dröge**, Senior Fellow, German Institute for International and Security Affairs

Host: **Tomasz Włostowski**, Leader of BSP CBAM Taskforce

This online debate is part of the Polish Climate Summit TOGETAIR
www.togetair.eu

BSP

BUSINESS & SCIENCE
POLAND



CBAM speakers

The Polish efforts to reach the climate goals are in the spotlight: [TOGETAIR 2021](#) marks the second edition of the Polish Climate Summit and the first edition of the [Polish Multimedia Climate Report](#). Both offer a unique chance for the EU observer to glimpse

into a debate in Poland about the EU Green Deal objectives. The three-day conference, which starts on 21 April, will be packed with debates, ideas, challenges and solutions.

By *Bartek Czyczerski*, Director General, Business & Science Poland

Business & Science Poland will host the debate dedicated to the Carbon Border Adjustment Mechanism. The panellists will discuss key questions related to this new instrument in the EU climate toolkit. Environmental levy on EU borders may not be an entirely new idea. But the link with the

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EU Green Deal gives it the boost and makes CBAM closer than ever to come into existence. Or doesn't it?

HOW TO RECONCILE THE EU CLIMATE AMBITIONS AND COMPETITIVENESS – WILL CBAM SQUARE THE CIRCLE?

The EU Green Deal brings probably an unprecedented scale of regulatory demands. The new emission reductions targets will necessitate massive investments. They will also elevate costs for EU producers. The European industry shares the view that decarbonisation is necessary. This remains unchanged by the fact that this effort will bring down the EU share in global emissions only by a few percentage points. But we cannot overlook the resulting conclusion that international efforts are also necessary to make a real difference to the climate.

This is where CBAM comes to play: imposing an equivalent carbon cost on imports may create market incentives for the decarbonization of our trading partners to motivate them to match our own ambitions.

There is also another side of this equation: to the degree that the EU efforts are not matched by our trading partners the competition from the international players will rise. Keeping competitiveness of the EU industry in the decarbonisation efforts is essential not only for the sake of keeping jobs and a prosperous European economy. The old economic truth “bad money drives out good” serves as a warning in the climate policy as well: if the low-emitting EU producers are not able to compete they will lose market share to more emitting competitors, both in the EU and on international markets. This will provoke rather

than prevent the global increase of GHG emissions. The EU funded study by the Copenhagen University notes that EU decarbonisation without comparable efforts of the rest of the world will result in an EU trade deficit while currently, the EU has a surplus. Even more importantly, a reduction by 1 ton of GHG in the EU will increase GHG emissions of non-EU trading partners by 0.6 ton.

FREE ALLOCATIONS CONUNDRUM

Designing CBAM entails many technical questions like how to select sectors covered by CBAM, what legal form should it have, which type of emissions should be covered, how to assess emissions of imported products – the list is much longer. But one of the key issues – economic, legal and political – will be the relation between CBAM and existing anti-carbon leakage instruments, that is free allowances under ETS and compensation for the increased cost of electricity covered by ETS – precisely because of the issue of competitiveness.

For this is where CBAM appears to be lacking: carbon leakage occurs not only when the domestic market is caught by imports, but when low-emitting production is replaced by high-emitting competition. Loss of export sales for the EU industry also constitutes carbon leakage. Given that rebating ETS costs on exports may easily amount to export subsidies under the WTO rules, the Commission has not so far provided a solution to the export competitiveness puzzle.

Moreover, to meet the EU's increased climate ambitions, the industry needs unprecedented investment in innovation. This requires a stable and predictable

business and regulatory environment. The withdrawal of free ETS allowances and removal of indirect ETS cost compensation would take place shortly after the start of ETS Phase 4 when enterprises planned their activities and carried out investments based on a law adopted years ago. The change of regulations after these investments have been made calls into question their predictability and profitability. This indirectly may undermine the ability to finance decarbonisation processes. Moreover, the withdrawal of free ETS allowances might de facto penalize sectors and enterprises that have invested in low-carbon technologies and are among the leaders in this respect. Their investments may no longer be profitable once the obligation to purchase all allowances is restored.

CBAM has not been tested in any jurisdiction and as such cannot be considered a 100% certain alternative to existing carbon leakage instruments. But CBAM and existing instruments can be treated as complementary because their objectives are different: the purpose of CBAM should be to incentivize the EU's trading partners to lower emissions, while the goal of free allocations is to protect the European industry from carbon leakage, especially on export markets. The matter of co-existence of both elements in a WTO compatible manner requires a thorough discussion rather than hasty statements.

In the context of the EU climate agenda, the concept of CBAM seems “too big to fail” but without a fair answer to the questions posed above it may find itself in dire straits.

Join us for the debate on 21 April, 2.10 p.m., live-stream via www.zpbsp.com

PROMOTED CONTENT

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TOGETAIR 2021

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By: TOGETAIR



The Togetair climate summit is an annual event taking place in Poland.

New declarations, important decisions, and strong emotions during the debates!

DAY 1: Minister of Climate Opens Climate Summit

The Summit was opened by the Minister of Climate and Environment, Michał Kurtyka, emphasizing the enormous progress that Poland has recently made in terms of ecological challenges:

“We’ve taken a quantum leap forward in terms of how we want to complete the energy transition.”

The Minister’s opening speech was

followed by the official presentation of the first multimedia TOGETAIR Climate Report. *“This is the first climate report available to the general public. It is full of studies, descriptions, trends, assessments and directions for the coming years in the context of a changing climate”,* commented Agata Śmieja, President of the Clean Air Foundation and initiator of the TOGETAIR Climate Summit

The Climate Report reached 100 thousand viewers within the first 24 hours upon its publication. It is available online at <https://raport.togetair.eu/>, free of charge and without registration. The English version is ready and will be supplemented by French and German

versions soon.

“Apart from educating Poles and working out the best solutions on the road to climate neutrality in a way that is rational and economically justified for Poland, it is very important to let our European partners know that Poles are working together on ecological solutions and have the ambition to become the leader of ecological transformation in Europe,” added Artur Beck, producer and organizer of the TOGETAIR Climate Summit, President of the Foundation of Positive Ideas

During DAY 1 of the Summit, CTL Logistics and PKP Energetyka signed a letter of intent regarding the “Green Railway” programme. The purpose

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of the collaboration is CTL Logistics' shift towards green energy. Pursuant to the President of PKP Energetyka, Wojciech Orzech, by 2030 it will be possible to power 85 % of the Polish trains with renewable sources.

From 21 to 23 April, the audience could follow debates and thematic panels devoted to Poland's ecological challenges and concerns.

The first discussion was attended by the Minister of Climate, Michał Kurtyka, who presented his assumptions of Poland's energy policy and its future energy mix.

Adam Czyżewski – from PKN Orlen – commented that the energy transition will require a change in consumers' behaviours.

The next panel gathered experts in **e-mobility**. Representatives of the automotive market, central government and regulators discussed how to combat the biggest barriers to the development of electric cars, that is, the high price and the still relatively poor infrastructure.

“Clean Air Programme” was the main focus of the third debate. Panellists emphasized the need for greater EU support in order to intensify the fight against smog. They also tackled the issue of “energy poverty and exclusion” of people with no access to assistance programs.

Finally, Tomasz Urynowicz, Deputy Marshal of the Małopolska Region, pointed out the support offered by local government to business at all stages of the value chain.

TOGETAIR 2021 brought a novelty: **EKO-RING**, a heated

confrontation between Jan Śpiewak, a city activist, and Konrad Płochocki, a representative of the Association of Real Estate Developers. The topic was the fight against so-called “betonoza” (Polish equivalent for a concrete jungle), but also new initiatives to improve the image of the residential investment market.

The Summit continued with very important topics – the border carbon tax, green energy in the context of housing and water management.

DAY 2: Earth Day

10 green TOGETAIR objectives defined

TOGETAIR Expert Committee gathering specialists representing business, environmental protection organisations and state authorities formulated 10 Green TOGETAIR Objectives. It is a set of actions to be undertaken by Poland to be ready for the environmental challenges, both in the context of the climate crisis and the policies pursued by the EU.

On Thursday, the debates concentrated on just transition in the context of the future of the Polish energy and mining sectors. The panellists referred to an excellent example of gradual transition completed in the Adamów lignite mine located in the Turek district, where former fossil fuel workers got retrained for green energy jobs. The construction of wind farms on the Baltic Sea as a possible driving force of the Polish economy was pointed out by Wojciech Dąbrowski, President of the Management Board at PGE Polska Grupa Energetyczna.

Maciej Matelski – Director of

the Competence Office for Of the passenger car market PKO Bank Polski (PKO Leasing), referred to the price and limited access to charging stations as the main barriers preventing consumers from switching to electric cars.

The next panel concentrated on the fuel of the future – hydrogen. Jacek Jaworski representing the Oil and Gas Institute said: *“The gas industry will have to confront with hydrogen, regardless of its origins. (...) Poland has potential to be at the forefront at the hydrogen market. By 2030, we will probably be able to use hydrogen on an industrial scale.”*

Later that day, the experts focused on green transportation. Representatives of the automotive industry were joined on the stage by Tomasz Gontarz from PKP Intercity who spoke about rail as the most ecological means of transport.

The next panel tackled the issue of zero-emission energy systems, especially in the context of Offshore investment which stirred experts' optimism.

Pursuant to Zbigniew Gryglas of the Ministry of State Assets *“We will generate more gigawatts of wind energy than we announced in PEP 2040 and now we are sure of it.”*

The fifth debate of the day was devoted to the transformation of system heat with regard to geothermal and biomass energy. The Chief National Geologist indicated the need for synergy of activities: *“Combining several sources of energy – geothermal, biogas, photovoltaics – may produce a far better result than using a single source. We are going to run such*

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projects.”

The final panel focused on plastic and the deposit system. The discussion summarized the existing solutions and projects available on the market, indicating trends and possible directions of development. Our guest from Sweden, **Anna Larsson**, Reloop Platform Director, wished Poland to work towards solutions of the future. *“Bringing all single-use packaging under the deposit system creates an opportunity to obtain 590,000 tons of raw material for recycling.”*

DAY 3: “Climate change must be socially just” – said Prime Minister Mateusz Morawiecki inaugurating Day 3 of TOGETAIR Climate Summit.

In his opening speech, the Prime Minister referred to the perspective frequently adopted by experts while discussing Poland’s energy transition: *“There are broad swaths of society that cannot bear the cost of the energy transition. The cost must be distributed appropriately, that is, all segments of society must have the perspective of change. (...) Climate change must be socially just.”*

Minister of Family and Social Policy, Marlena Małag, emphasized the role of the family in the whole process: *“We must come together to form a broad coalition in support of families and the environment.”*

Earlier, during a press breakfast, Konrad Płochocki from the Polish Association of Developers admitted that “samochodoza” (too much traffic) and “betonoza” (concrete jungle) were a mistake. He proposed a new industry initiative – to beat the Guinness World

Record for constructing the largest insect house.

The first discussion on Friday was attended by Minister of Climate and Environment, Michal Kurtyka. *“We are able to greatly improve the trade balance by switching from fossil fuel energy to electric cars or photovoltaic panels (even though these are capital intensive investments in the short term)”*.

The next panel concentrated on Polish agriculture and its ecological development. The panellists pointed out the tremendous potential for growth in agriculture and the need for efficient, functional development incentives, including assistance programs.

The third debate was about the ESG system and Green Bonds.

“Sustainability and climate neutrality have become one of the most important economic goals of the entire European Union, clearly defined in time. (...) In this regard, we can observe an increasing number of green programmes or so-called green financial instruments emerging on the market, favouring pro-ecological investments or dedicated exclusively to them. They are fully in line with the values of BOŚ – Environmental Protection Bank, which since its inception has specialized in financing eco-friendly investments”, said Wojciech Hann, CEO of Bank Ochrony Środowiska.

The next discussion was devoted to e-services from the perspective of state and local government as well as the private market. The panellists agreed that the pandemic speeded up digitalisation. Consumers, compelled by circumstances, finally accepted

this form of contact while institutions managed to overcome their previous inertia.

The future of housing was brought up repeatedly throughout the Climate Summit. This time, however, the panellists focused on the idea of sustainable urban planning in the context of sustainable development.

Speakers referred to the positive example of Lublin, Gdansk and Kraków where the circular economy was included in their development strategy by 2030.

One of the most exciting discussions during the entire event regarded the recent **garbage fee** increase. The panellists focused on the balance of recent waste law reforms and legislative changes that will remodel this market in the coming years. They also called for legislation to be passed as soon as possible to guarantee higher subsidies for waste management.

Friday, April 23, was the final day of the TOGETAIR 2021 Climate Summit – a great event, broadcast live to millions of users across the country.

“TOGETAIR Climate Summit gathered outstanding experts to share their knowledge, experience and inspire valuable changes. We are proud to have created a space for such an exchange of ideas and knowledge. Let me remind just you that you may watch a recorded Summit broadcast all year round”– commented Agata Śmieja, the President of the Clean Air Foundation and the initiator of the whole event.



For information on
EURACTIV Event Reports...

Contact us

Frédéric SIMON

Senior Editor, Energy & Environment
frederic.simon@euractiv.com
tel. +32 (0) 2 788 36 78

Teresa DOMINGUEZ

EU Affairs Senior Manager
teresa.dominguez@euractiv.com
tel. +32 (0) 47 601 78 26