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Carbon Border Adjustment Mechanism – a Step towards Europe à la française?

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Carbon Border Adjustment Mechanism – a Step towards Europe à la française?

Carbon Border Adjustment Mechanism (CBAM) presented by the European Commission (EC) as a part of the 'Fit for 55' package was a turning point in almost twenty years of the French efforts to implement this instrument. In this article I present the concept of CBAM. I also pose questions why France was so fervent proponent of introducing it into EU law and why it finally succeeded. In order to find the answer to these questions I recall the main assumptions of the French European policy. Then, I explain how policy of continuity was rewarded in times of important political changes. I also argue that multidimensional character of CBAM gives enough opportunity for France to shape not only EU climate policy but other EU policies as well. I conclude that CBAM fits perfectly to the French interests. It allows all successive presidents of the Fifth Republic to adapt it to the current needs and include it in their narratives on EU affairs.

Mechanizm dostosowania granic emisji dwutlenku węgla – krok w kierunku Europy à la française?

Carbon Border Adjustment Mechanism (CBAM) przedstawiony przez Komisję Europejską (KE) w ramach pakietu „Fit for 55” był punktem zwrotnym w prawie dwudziestoletnich staraniach Francji o wdrożenie tego instrumentu. W artykule przedstawiam koncepcję CBAM. Stawiam pytanie, dlaczego Francja była tak zago-rzałym orędownikiem CBAM i dlaczego ostatecznie odniosła sukces na tym polu. Aby znaleźć odpowiedź na te pytania przywołuję główne założenia francuskiej polityki europejskiej. Następnie wyjaśniam, dlaczego polityka ciągłości odniosła sukces w czasach ważnych zmian politycznych. Twierdzą również, że wielowymiarowy charakter CBAM daje Francji wystarczające możliwości kształtowania nie tylko polityki klimatycznej UE, ale także innych polityk UE. Konkluduję, że CBAM doskonale odpowiada francuskim interesom. Koncepcja ta pozwala wszystkim kolejnym prezydentom V Republiki dostosowywać ją do aktualnych potrzeb i włączać do swoich narracji nt. UE.

Introduction*

Over the last two decades, the promotion of a carbon border mechanism has become an important issue in the French narrative on EU affairs. From the very beginning France was its greatest proponent at the EU level. In this article I will try to explain why this idea became so important for France. Why France was constantly striving for having this instrument introduced at EU level, why all successive presidents from Jacques Chirac to Emmanuel Macron were its most important political advocates and why France finally succeeded. In order to answer those questions it will be necessary to explain where the concept of carbon border mechanism came from, what it is all about and how its implementation is moving forward at EU level. Afterwards, I will recall main assumptions of the French European policy in order to introduce a wider perspective. The concept of Carbon Border Adjustment Mechanism (CBAM) presented against this background will inspire a deeper reflection on what is the current French capacity to shape the EU. Using the case of CBAM I will try to show that it is still important. Moreover, I will also try to prove that provided that certain conditions are met CBAM may be an important tool supporting the implementation of several other European policy goals of the Fifth Republic. From the French point of view, CBAM is not an end in itself and should not be seen solely as one of the items in the EU climate policy toolbox. There are many important trade, industrial and energy interlinkages in the concept of CBAM, and the shape of this mechanism may have significant implications for the EU's relations with third countries. There is no doubt, however, that CBAM appearance in mainstream discussions on the future of the EU climate policy and its entry into force in its transitional phase as of 1 October 2023 should be assessed primarily as a French success. As CBAM is so multidimensional concept and France is the main promoter of it at EU level it can be perceived as a new stage of the French struggle to build *Europe à la française*.

* Opinions expressed in the text are solely my own and do not express the views of the institution I work in.

The concept of Carbon Border Adjustment Mechanism (CBAM)

Since the adoption of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992 one of the greatest challenge of international politics was to establish a global legally binding agreement forcing all UNFCCC Parties to reduce greenhouse gas emissions and to ensure a more level playing field between the countries. Unfortunately, even the entry into force of the Paris Agreement signed in 2015 has not resolved the problem of disproportionate emission reduction commitments among UNFCCC Parties. One of its most important provisions is: 'Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels'¹. However, this goal is to be achieved through the Nationally Determined Contributions (NDCs) submitted by the Parties to the Paris Agreement. Therefore, ambition levels of NDCs may differ significantly. This creates a considerable competitiveness challenge for those countries that would like to undertake increasingly ambitious climate mitigation targets. Producers in countries having an ambitious climate policy are burdened with greater costs than their counterparts from countries that do not pursue a comparable policy. When such a situation persists, there is a risk of carbon leakage from countries with high emission reduction standards to countries where those standards are much lower.

Therefore, a concept of Border Carbon Adjustment (BCA) has been formulated as a consequence to these persistent circumstances. It can take various forms, but its main assumption is to impose additional charges on certain imported goods while crossing the border of the country where the cost of carbon emissions are higher than in the country of the exporter.

No matter what kind of BCA is to be adopted its implementation may cause a number of problems. The most important are political and legal challenges. The establishment of BCA by a country or a group of countries may be perceived by other countries as an unfriendly act or a desire to deprive them from certain benefits (e.g. resulting from lower production costs of goods). In such case there is a risk that countries confronted with BCA may use retaliation measures against the states that introduced

1 Art. 2, para 1a of the Paris Agreement, United Nations, 2015: <https://unfccc.int/sites/default/files/english_paris_agreement.pdf> [accessed: 30 IV 2022].

BCA. Another problem is the risk of questioning the principle of free trade and non-discrimination. In this context, ensuring BCA compliance with World Trade Organisation rules may be a significant challenge. As experts emphasise: 'Any effective BCA would almost inevitably breach GATT's provisions on non-discrimination, because it is by definition meant to differentiate between low- and high-carbon goods that are otherwise comparable, or "like". The real legal battleground thus is GATT Article XX with its environmental exceptions, which could allow such a breach. But meeting the conditions of that provision is a demanding proposition. The environmental motivation of the BCA becomes key, but so does the process, which has to be fair, transparent and inclusive'².

Developing the most ambitious climate policy in the world and positioning itself as global climate leader, the EU faces the problem of persistent disproportionate level of reduction commitments between the EU and third countries. This creates significant challenges for the performance of industry and competitiveness of the whole economy – European as well as French. French (or in general European) producers that are burdened with rising carbon emission costs have to compete both on the global and European markets with their counterparts from third countries, who are not subject to comparable climate policies. Moreover, the risk grows even more as the EU has decided to reach climate neutrality by 2050 and to increase the 2030 emission reduction target from at least 40% to at least 55%.

The above-mentioned dilemma how to continue ambitious climate policy in such circumstances poses serious problems mainly to the energy intensive sectors and installations covered by the EU Emissions Trading System (EU ETS). After the development of a so-called cap-and-trade system, the EU and its Member States are advocating the deployment of similar systems in other countries outside the EU. However, as long as third countries are not pricing the external costs of greenhouse gas emissions to a similar extent, the EU needs to develop special measures in order to counteract the risk of carbon leakage. One of such measures that protects energy-intensive sectors is the distribution of free allowances. However, its main disadvantage is that it could be less and less compatible

2 A. Marcu, M. Mehling, A. Cosby, *Border carbon adjustments in the EU: Issues and options*, 2020, p. 4: <<https://ercst.org/wp-content/uploads/2021/08/20200929-CBAM-Issues-and-Options-Paper-F-2.pdf>> [accessed: 30 IV 2022].

with increasing mitigation ambition that imposes quicker decarbonisation on EU industry. Therefore, the European Commission proposed to replace this measure by a new one – namely the CBAM.

Its main aim is to reconcile increasing climate ambition of the EU with the economic competitiveness and prevention from the risk of carbon leakage. It may also have an additional purpose which is to encourage other states to enhance their NDCs. From that perspective CBAM would contribute to achieve the goals of the Paris Agreement.

The European Commission has finally decided to present its proposal of regulation establishing a carbon border adjustment mechanism³ as part of the 'Fit for 55' package that implements EU's decision to increase the overall emission reduction target up to at least 55% by 2030. The Commission's intention is to put a carbon price on imports of a targeted selection of energy-intensive goods at high risk of carbon leakage, namely: iron and steel, cement, fertilisers, aluminium and electricity. Without going into details CBAM according to its proponents should restore the conditions of fair competition for all producers from the above-mentioned energy-intensive sectors no matter which country they are coming from. It should be fully operational in 2026. The mechanism will oblige the EU importers to declare annually the quantity of goods and the amount of embedded emissions in the total goods they imported into the EU in the preceding year, and surrender the corresponding amount of CBAM certificates. Therefore, CBAM will be closely related to the existing EU ETS.

The main assumptions of the French European policy

In order to explain why CBAM gained so much importance in France it is necessary to recall main assumptions of the French European policy. France was one of the main proponents of European integration after the Second World War. It is one of the founding states of European Community that turned into European Union after the ratification of the Maastricht Treaty. Very often political choices made by France determined the direction of the European integration process. That was the case with the Schuman

3 *Proposal for a regulation of the European Parliament and of the Council establishing a carbon border adjustment*, Brussels, 14 VII 2021, COM(2021) 564 final: <<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52021PC0564>> [accessed: 30 IV 2022].

Declaration in 1950 that gave birth to the European Coal and Steel Community and so it was with the rejection of the European Defence Community by the French National Assembly in 1954 that redirected European integration into economic affairs. From the very beginning it became obvious that French European policy has its two completely different founding fathers. The first one was Robert Schuman – proponent of Community method in European integration. The second one was Charles de Gaulle – an advocate of an intergovernmental method and proponent of *Europe des patries*⁴. As a former great colonial power France sought to make Europe an independent global player and the extension of its vital interests in foreign policy. Therefore, the former European Community and the current European Union were primarily treated as a leverage of the French national interests⁵.

The more EU was deepening and widening the more tensions rised in France how to respond to the changing circumstances. Those tensions were reflected in a referendum held in France on 20 September 1992 when only 51% of voters (the so-called *petit oui*) approved the Maastricht Treaty. Thirteen years later in 2005 the French voters rejected the Treaty establishing a Constitution for Europe in another referendum held in France by president Jacques Chirac. This was a sign that growing number of the French citizens were disapointed by EU enlargement and negative impacts of globalisation⁶. In response to that events the French politicians were formulating a narrative on protective role that EU should play when it comes to such issues as social and environmental dumping or delocalisation of industry that deprived growing number of workers from well paid jobs.

As mentioned above, the European policy of the Fifth Republic is still strongly influenced by Gaullist assumptions⁷. One can find de Gaulle's

4 A. Szeptycki, *Francuskie koncepcje integracji europejskiej*, [in:] *Unia Europejska. Nowy typ wspólnoty międzynarodowej*, red. E. Haliżak, S. Parzymies, Oficyna Wydawnicza "Aspra", Warszawa 2002, p. 143.

5 See more in: S. Parzymies, *Polityka zagraniczna Francji po zimnej wojnie. 25 lat w służbie wielobiegowości*, Wydawnictwo Akademickie "Dialog", Warszawa 2017, p. 439–480.

6 Ch. Lequesne, *La France dans la nouvelle Europe. Assumer le changement déchelle*, Presses de Sciences Po, Paris 2008, p. 73–74, 96, 108–110.

7 See more in: F. Charillon, *La politique étrangère de la France. De la fin de la guerre froide au printemps arabe*, La Documentation française, Paris 2011; M. Vaisse, *La puissance ou l'influence? La France dans le monde depuis 1958*, Fayard, Paris 2009.

legacy in attributing a key role to the Member States and intergovernmental institutions in the process of European integration. Another one is the central role of Franco-German relations⁸. The constantly maintained assumption of the French European policy is the willing to strengthen the role of the EU in defence policy. France has traditionally supported the development of fully independent EU defence capabilities.

All assumptions of the Fifth Republic's European policy are basically subordinated to two main goals. On the one hand, making the EU a truly independent actor in international politics (*Europe-puissance*). On the other hand, modelling the integration process in such a way that it could last as a permanent instrument of the French foreign policy compensating the deficiencies of the French power in international politics. The difficulty in reconciling those two goals was perfectly described by Alfred Grosser: 'France wanted Europe stronger than United States and Soviet Union but less powerful than France'⁹. Translating this observation from the Cold War era into modern EU politics one could say that France still wants Europe as strong as other global powers but at the same time with as small and exclusive decision-making centre that France would be able to play decisive role within it. Such a vision of European integration has led France to delay the enlargement process and promote various formulas of differentiated integration¹⁰.

From the very beginning there were some areas of European integration of particular interest for France. It played a crucial role in establishing European Council as a one of the main institutions of the EU. The French attention was also focused on Common Foreign and Security Policy as well as Common Agriculture Policy. After the unification of Germany it was devoted in the creation of Eurozone. Nowadays, France pays much more attention to the development of EU climate and energy policy.

- 8 S. Parzymies, *Przyjaźń z rozsądkiem. Francja i Niemcy w nowej Europie*, PISM, Warszawa 1994.
- 9 Citation in: F. Charillon, *La France peut-elle encore agir sur le monde?*, Armand Colin, Paris 2010, p. 36.
- 10 K. Jaworski, *Francuska wizja zróżnicowanej integracji europejskiej w kontekście debaty na temat przyszłości UE i strefy euro*, "Sprawy Międzynarodowe" 2019, nr 2, p. 195–229.

French attempts to establish CBAM from historical perspective

Before explaining why the idea of CBAM gained so much importance in France, it is worth recalling the historical context of French efforts to introduce such a mechanism at EU level. For years an idea of some kind of BCA established at EU level has been advocated especially by France. Until 2019 this idea aroused a lot of controversy and was criticised by many Member States and the European Commission. A radical change took place only with the election of a new European Commission led by Ursula von der Leyen. Despite many failures in pushing forward its idea, until then France has consistently promoted BCA at the EU level.

One of the first promoters of the above-mentioned mechanism was certainly the French president Jacques Chirac. At the end of his second term in the office, he began to consider the legitimacy of taxing goods imported into the EU by countries that do not respect the Kyoto Protocol¹¹. In 2007 he stated that: 'Europe must remain at the forefront of post-Kyoto negotiations. She will also have to consider the introduction of a carbon tax on products from countries that refuse to commit to the fight against global warming after 2012'¹².

The idea of BCA was also promoted by the successor of Jacques Chirac. President Nicolas Sarkozy, at the very beginning of his term in office, put forward the idea of taxing emissions as a form of counteracting the so-called environmental dumping¹³. According to president Sarkozy, the reality in which European producers have to respect environmental standards and their competitors from third countries are excluded from them was unacceptable. Nicolas Sarkozy's strive to introduce border adjustment mechanism (*un mécanisme d'ajustement aux frontières vis-à-vis des importations des pays extérieurs*) was a part of negotiation tactics before

11 *Conférence de Paris pour une gouvernance écologique mondiale 'Citoyens de la Terre'. Entretien du Président de la République, M. Jacques Chirac, avec divers medias*, Paris, 1 II 2007 [accessed: 2 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

12 *Allocution de M. Jacques Chirac, Président de la République, à l'occasion de la présentation des vœux du corps diplomatique*, Paris, 5 I 2007 [accessed: 2 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

13 N. Sarkozy, *La France, puissance d'avenir*, "Politique Internationale" [online], No. 115, Printemps 2007 [accessed: 2 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

COP15 summit in Copenhagen in December 2009 where a new global climate agreement was supposed to be signed. Before the summit, president Sarkozy and German chancellor Angela Merkel addressed a joint letter to the UN Secretary General, Ban Ki-moon, outlining the concept of border adaptation measures¹⁴. It can be assumed that France was in the front-line in putting this issue on the agenda while Germany agreed to a vague enough wording that would not prejudge the application of such a measure at the EU level. Similar joint Franco-German declarations occurred in the following years. Each time France sought to include the carbon adjustment mechanism, Germany tried to soften the wording in a non-binding form. In fact, Germany was much more sceptical about carbon border adjustment that could possibly worsen German trade relations with important non-EU partners. Meanwhile, president Sarkozy was in favour of unilateral implementation of carbon border mechanism in the event of no global climate agreement¹⁵. Therefore, it can be assumed that the implementation of such a mechanism was part of the French negotiating tactics designed to exert pressure on less ambitious non-EU countries. French threats were aimed at convincing them to submit more ambitious reduction commitments in a new global climate agreement. Otherwise, they would risk of impeding the access of their goods imported to the Single Market. All in all, the French tactics turned out to be ineffective, mainly because of the fact that the shape of the future global climate regime depended much more on the US-China agreement than on the negotiating power of France or even the whole EU. Moreover, even within the EU, French ideas have been criticised by the traditionally free-market-minded Member States, notably the United Kingdom. Germany also remained quite sceptical. Those countries did not want any questioning of existing trade rules with third countries, Berlin being the greatest beneficiary of *status quo* at the EU level. France was capable to find only occasional

- 14 *Préparation de la conférence de Copenhague sur les changements climatiques. Lettre conjointe du Président de la République, Nicolas Sarkozy, et de la Chancelière de la République Fédérale d'Allemagne, Angela Merkel, adressée au Secrétaire Général des Nations Unies, Ban Ki-moon, Paris-Berlin, 18 IX 2009* [accessed: 2 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.
- 15 *Mise en œuvre du Grenelle de l'environnement. Discours du Président de la République, M. Nicolas Sarkozy, Orléans, 20 V 2008* [accessed: 2 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

allies at EU level that would support at least the initiation of discussions on the border adjustment mechanism. A good example was a joint letter from president Sarkozy and Italian Prime Minister Silvio Berlusconi to the president of the European Commission supporting the possibility of introducing such a measure in EU¹⁶.

Not surprisingly, president Sarkozy has failed in his struggle to convince other partners to establish border adjustment mechanism at the EU level. However, it is important to note that this idea remained alive even after the elections in 2012 that changed not only the ruling president but also the parliamentary majority. President François Hollande retained the narrative of his predecessor. He proposed to introduce what he most often described as the carbon adjustment mechanism (*mécanisme d'inclusion carbone*) or the carbon border tax (*taxe carbone aux frontières*)¹⁷. However, the overwhelming majority of EU Member States remained sceptical.

Like his predecessor president Hollande failed to push through the idea promoted by France. Moreover, despite nearly ten years of efforts, France remained the only EU Member State that so strongly and consistently supported the idea of introducing a border adjustment mechanism at the EU level. This stance was confirmed by the next French president – Emmanuel Macron. Defining his vision of European integration, he began to develop the concept of European sovereignty. In his speech in September 2017 at the Sorbonne University in Paris, Emmanuel Macron stated that EU should be at the forefront of ecological transition. However, in order this to happen the carbon border tax (*taxe aux frontières sur le carbone*) should also be a part of EU's climate ambition¹⁸. As time was passing by, Emmanuel Macron began to add new arguments to the idea that was time and again repeated by the French leaders. One of them was

16 *Émission de gaz à effet de serre. Lettre adressée par le Président de la République, Nicolas Sarkozy, et le Président du Conseil des ministres italien, Silvio Berlusconi, à M. José Manuel Barroso, Président de la Commission Européenne*, Paris, 15 IV 2010 [accessed: 2 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

17 *Conférence environnementale pour la transition écologique – Discours d'ouverture du président de la République, M. François Hollande – extraits*, Paris, 20 IX 2013 [accessed: 3 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

18 *Initiative pour l'Europe – Discours de M. Emmanuel Macron, président de la République, pour une Europe souveraine, unie, démocratique*, Paris, 26 IX 2017 [accessed: 13 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

to introduce a new EU own resource from a carbon border tax¹⁹. In his speech to the European Parliament in Strasbourg, he said that such a tax is neither a fantasy nor a technical instrument, but a necessary condition for the energy transition²⁰. As it turned out later, the consistent stubbornness of France, enriched with new narrative adapted to the current internal context of EU politics, finally started to produce positive effects.

A breakthrough change took place in 2019, when a new composition of the European Commission was formed. It was headed by Ursula von der Leyen, who, still as a candidate for the president of the European Commission, announced the concept of the European Green Deal in her proposal for the Commission's action plan for 2019–2024. Its integral part was to be a carbon border tax²¹. This declaration should be considered as an undoubted breakthrough especially when taking into account that it was proposed by a leader coming from a country that has so far treated the French concept quite sceptically. Changing attitude of the new Commission should also be assessed in the context of building from the very beginning the best possible relations and trust between the new president of the European Commission and the incumbent president Emmanuel Macron. However, it was certainly not just an investment in good mutual relations among European leaders. Undoubtedly, there were also other crucial factors that led the Commission to change its view on carbon border mechanism.

The first was the announcement of the European Green Deal and a further increase of the EU's emission reduction target from at least 40% to at least 55% by 2030. But still political decisions had to be translated into the EU law. This could have happened by amending the existing legal acts, but also by introducing new ones. In such circumstances the French concept found itself in the right momentum just before starting the new

19 *Climat – Accords de Paris – Union européenne – Inde – Discours de M. Emmanuel Macron, président de la République, à la Conférence sur la finance verte*, Bruxelles, 22 III 2018 [accessed: 13 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

20 *Union européenne – Discours de M. Emmanuel Macron, président de la République, au Parlement européen*, Strasbourg, 17 IV 2018 [accessed: 13 V 2022]: <<https://basedoc.diplomatie.gouv.fr>>.

21 U. von der Leyen, *A Union that strives for more. My agenda for Europe. Political guidelines for the next European Commission 2019–2024*, p. 5: <https://ec.europa.eu/info/sites/default/files/political-guidelines-next-commission_en_0.pdf> [accessed: 19 VI 2022].

legislative process enabling to translate the new Commission's priorities into the EU law.

The second reason of a breakthrough change was the new political composition of the European Parliament that emerged after the elections in 2019. A new fraction called Renew Europe joined two other leading forces in the Parliament – the European People's Party (EPP) and Socialists & Democrats (S&D). It was dominated by the members of the EP who were elected in France from the Renaissance list supporting president Macron. In such circumstances Ursula von der Leyen (from the EPP) had to seek support not only from the largest opposition party (S&D) but also from a new third force (Renew Europe). The support of the Renew Europe group could also be an important asset for the successful implementation of the 'Fit for 55' legislative package implementing the increased EU reduction target until 2030. Therefore, it was no coincidence that the French Pascal Canfin was elected as a chairman of the Committee on the Environment, Public Health and Food Safety in the European Parliament – crucial for the smooth running of legislative process on 'Fit for 55' package.

The third reason why the European Commission decided to include French concept in its working programme was the growing anxiety of the European industry caused by ambitious EU climate policy. From that perspective, more and more representatives of European energy-intensive sectors could treat the French proposal as useful measure protecting them against producers from third countries lagging behind EU on mitigation targets.

The fourth reason was the already mentioned context of the negotiations of the EU's Multiannual Financial Framework (MFF) for 2021–2027. It is no coincidence that president Macron began to link the carbon border mechanism with the possibility of providing a new EU own resource. This was a brilliant move as it gave France (net contributor to the EU budget) and the European Commission (searching for new EU own resources) an opportunity to find potential new source of EU funding.

Another important reason was obviously Brexit. The UK's exit from the EU should be considered as a very significant shift in the balance of power within the EU. The EU was left by a country that was one of the greatest critics of the French concept. Consistently upholding its position in the face of the changing European landscape, France has thus

gained more room for maneuver to finally push forward its own idea. What is more, Brexit was also important in the context of the debate on MFF and new EU own resources, UK being a country that was traditionally opposed to any increases of the EU budget. Moreover, it defended the competences of EU Member States in fiscal and budget policies.

Finally, it is important to note that internal context played significant role in achieving the French goal. It became possible because of the broad support of various national political forces and policy of continuity. It was not only the four consecutive presidents and even more governments that consistently pushed the idea of carbon border tax forward. Firstly, this concept was supported by the leading political forces competing for power until recently – the Republicans and the Socialists. Secondly, it became part of the political programme of a new leading force – Renaissance, a political party that was previously known as La République en marche (LREM). Although CBAM in details may be incomprehensible for public opinion, it also has a clear advantage in the context of the French national politics. This idea could easily win hearts of many French voters that demand more eco-friendly or protectionist measures. It also seems that after the eruption of the *gilets jaunes* protests, CBAM persisted for many French politicians as a useful taxation mechanism allowing to continue an ambitious ecological narrative. Therefore, the axis of the discussion has shifted from domestic taxation towards taxation of goods that exporters from third countries were selling to the EU.

CBAM in a wider context of French European policy

In March 2022 France managed to reach a common position of the Council on the CBAM regulation during its presidency of the Council²². During the next Czech Presidency the last stage of trilogue negotiations between the Commission, the Council and the European Parliament was finalised. Therefore, it is the right time to finally analyse the broader motivations

22 *Council agrees on the Carbon Border Adjustment Mechanism (CBAM)*, 15 III 2022: <<https://www.consilium.europa.eu/en/press/press-releases/2022/03/15/carbon-border-adjustment-mechanism-cbam-council-agrees-its-negotiating-mandate/>> [accessed: 30 VI 2022].

that encouraged France to put the idea of carbon border adjustment as high on its political agenda.

Some of them are obvious. CBAM can support the implementation of EU and global climate goals. On the one hand, its aim is to protect European producers participating in a more ambitious climate policy environment than their counterparts from third countries. On the other hand, it is a step towards a more level playing field in costs of carbon emissions as the aim of CBAM is to encourage third countries to more ambitious climate policies in order to maintain their access to the Single Market. If such a mechanism is to work, it would have a positive impact not only on the implementation of the EU's climate neutrality goal by 2050 but on the Paris Agreement as well.

A less visible French motivation in supporting CBAM may be attributed to the nuclear sector. France with its energy-mix relying in approximately 70% on nuclear energy, may be even more interested in revising the EU climate legislation by taking into account the EU's carbon footprint at all stages of the production process. As a result of adoption of 'Fit for 55' package and the policy of derussification of energy sources, France with CBAM implemented at the EU level, may be better predestined to implement an ambitious climate policy, taking into account the carbon footprint of all products. In that sense, the development of zero-emission nuclear energy in conjunction with CBAM may be a scenario for preparing France not only for the implementation of EU 2030 targets but rather for the climate neutrality goal by 2050. No wonder that, given such French motivations, the concept of CBAM was received with concerns by Germany, which is withdrawing from nuclear energy. What is more, the promotion of nuclear technology and the idea of CBAM are also fully compatible with the concept of strategic autonomy promoted by president Emmanuel Macron.

One of the reasons why France is promoting CBAM is undoubtedly the country's strong protectionist legacy. It is no coincidence that the allegations of protectionism were one of the most important reasons for criticising the French concept by other EU Member States. CBAM is an instrument that perfectly responds to the French efforts in taking into account climate issues in EU trade relations with third countries. It can also be an asset in political narrative formulated against environmental dumping. From this perspective, the CBAM reflects the concept of *Europe qui protège*. 'Europe that protects' was the motto of the French Presidency in the second

half of 2008 and one of the motives of Emmanuel Macron's presidential campaign in 2017. The traditional recipe of French leaders to maintain France in the mainstream of the European integration process is to try to convince as many French citizens as possible that the EU is capable enough to protect from the arising global threats such as – globalisation, delocalisation, migration or unfair competition from third countries, often described as social or environmental dumping. Therefore, CBAM fits perfectly with the narrative of a Europe that protects. It allows the EU and France to continue the ambitious climate policy, while protecting the industry from an unfair competition that neglects environmental standards.

As time was passing by French efforts to introduce some form of carbon border mechanism were more often linked with the debate on new own resources of the EU. France, which is a net contributor to the EU budget, is particularly interested in searching for new EU funding. However, France is searching for that kind of sources that would generate more pressure on other EU Member States, including net beneficiaries of the EU budget. One of such sources within the framework of the climate policy may be the revenues generated from the EU ETS. The second may be the sources that would come from CBAM. The search for EU's own resources has become more intense as the EU has to repay the loan from the Next Generation EU financial programme created in the aftermath of the COVID-19 pandemic crisis. Another possibility to direct the revenues from CBAM is to allocate them to climate assistance to the least developed countries (LDCs). France is particularly interested in that kind of expenditures from CBAM sources. This could help the EU to maintain the status of a major donor of development policy for LDCs in the face of post-covid budgetary constraints. A significant part of such financial support could be transferred to regions that are traditionally important for the French foreign policy, such as Africa.

French efforts to implement CBAM concern not only the financial and economic aspects of internal European politics. CBAM can also be an important EU instrument supporting some objectives of the French foreign policy. This applies not only to development policy, but also to trade and enlargement policy. Some clauses in the CBAM regulation allow certain third countries to be exempted from CBAM provided that certain conditions are satisfied. Therefore, it cannot be ruled out that the EU's leadership in climate ambition and the clauses in the CBAM regulation may be used by Member States reluctant to further EU enlargement in order

to delay this process or force the candidate countries to undertake greater reduction efforts before they enter the EU.

CBAM can also play its important role in international politics. This policy instrument may be useful in developing the concept of cooperation between countries pursuing an ambitious climate policy under the so-called climate club. The idea of the climate club is promoted by Nobel laureates in the field of economics dealing with the issue of climate change. One of the promoters of this concept is William Nordhaus. He claims that one of the most effective forms of international cooperation that could effectively contribute to the achievement of ambitious climate goals is precisely the climate club or, according to his terminology, climate compact 'which is a coalition of nations that commit to strong steps to reduce emissions along with mechanisms to penalize countries that do not participate'. In his opinion 'no other blueprint on the public agenda holds such promise of strong international action'²³. What is important in the context of CBAM is that this mechanism is seen by many as a useful tool that may lead to develop climate club including EU and some of its climate ambitious partners. Some authors claim that climate club between EU and the United States could 'act as a powerful bonding agent' aiming at rejuvenation of transatlantic relations. Brussels together with Washington could 'use their collective economic and diplomatic power to spur decarbonization around the world; they might form a climate club of countries committed to net-zero emissions that would impose tariffs on imports from outside the club'²⁴. This is also the way of thinking of Germany's chancellor Olaf Scholz who is one of the proponents of the idea of climate club. France had to include it in the final compromise text on CBAM in order to receive support from Germany when the Council's general approach was approved in March 2022. While France is probably not the greatest proponent of the climate club concept, it certainly recognises the central importance of CBAM in advancing this political project. It also includes the promotion of carbon pricing around the world in the form of ETS

23 W. D. Nordhaus, *The spirit of green: the economics of collisions and contagions in a crowded world*, Princeton University Press, 2021, p. 293.

24 J. Bardoff, M. L. O'Sullivan, *Green Upheaval. The New Geopolitics of Energy*, "Foreign Affairs" [online], January/February 2022 [accessed: 9 XII 2021]: <<https://www.foreignaffairs.com/articles/world/2021-11-30/geopolitics-energy-green-upheaval>>.

and the concept of linking ETS markets around the world. Both goals are important for the development of future global climate policy that is crucial for the EU as well as France.

Regardless of all the above-mentioned reasons why France devoted itself so strongly in promoting the idea of CBAM, it is worth mentioning one more motivation. It refers to the French way of presidential leadership where the head of state is constantly formulating new ideas in order to try to set the tone in the ongoing EU's debate in all its dimensions. One of the permanent tools for conducting European policy by France is its active participation in the formulation of the vision of the European project. Firstly, by formulating the idea of a border tax, secondly by promoting it at the EU level and significantly contributing to the enforcement of the CBAM regulation, France shows that it still retains the ability to implement its own ideas within the EU. France was also able to properly fit its concept into the internal context of the EU and the changes taking place within it. French leaders skilfully placed it in the EU discourse on the shape of the post-Brexit EU, the European Green Deal, the EU's climate leadership in the world, strategic autonomy and the new post-pandemic financial architecture of the EU. Finally, it is worth adding that agreeing on all general approaches to all main elements of the 'Fit for 55' package (including CBAM) during the French Presidency is an additional political asset for France. As a result, it can further strengthen its image as a leader in the fight against climate change and a defender of the Paris Agreement. After the publication of the draft CBAM regulation and the 'Fit for 55' package on the symbolic day of 14 July 2021, France confirms that the green revolution is going on despite the growing challenges inside and outside the EU thanks to the achievements of its presidency in the field of climate policy.

Conclusions

The implementation of the CBAM seems to be one of many technical solutions being introduced in the EU. Due to its multidimensional and innovative nature, it should be analysed in the broader context of the EU climate, industrial, trade, budget, development, enlargement and foreign policies. We still do not know how CBAM will work in practice but we do know it will meet with strong opposition from third countries. Nonetheless, it

certainly opens a new chapter in the EU climate policy. France has significantly contributed to pushing through this concept at the EU level. As I tried to demonstrate, French policy of continuity was rewarded in times of great political changes imposed by Brexit and reshuffling in EU institutions. It was motivated by the conviction that some sort of carbon border mechanism could increase the effectiveness of the EU climate policy and help in delivering the goals of the Paris Agreement. However, it was even more motivated by what CBAM could offer in terms of policy outcomes and the realisation of other French European policy objectives. Time will tell to what extent CBAM will play its role in pushing forward the French vision of European integration that is focused on protective character of the Single Market, climate issues and strategic autonomy. This depends, inter alia, on the way how CBAM will function in the future and what will be its role in the EU's climate and financial architecture taking into account how third countries will respond to its establishment. However, France has opened up many new opportunities with just only one idea. Europe may not become more French with the implementation of CBAM, but France may gain a new instrument in supporting several of its important political goals within the EU.

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