

# The Policies and Progress of France on CBAM Matters

Copyright owned by Fastener World  
Article by Dr. Sharareh Shahidi Hamedani, UNITAR International University



## What is CBAM?

The CBAM is a core component of the EU's Fit for 55 packages, which aims to reduce greenhouse gas emissions by 55% by 2030 compared to 1990 levels. CBAM introduces a carbon pricing mechanism on imports of specific goods, ensuring that imported products are subject to the same carbon costs as goods produced within the EU. It is designed to prevent carbon leakage, where companies relocate production to countries with less stringent climate regulations, undermining global climate efforts. Therefore, The Carbon Border Adjustment Mechanism (CBAM) is a pioneering policy initiative by the European Union (EU), aiming to align international trade practices with climate goals. France, as one of the EU's largest economies and a staunch advocate of sustainable development, has played a critical role in shaping and implementing CBAM measures.

## France's Role in the CBAM Framework

As a founding member of the EU and a global leader in climate diplomacy, France has been instrumental in championing CBAM. The French government views CBAM not only as a tool for reducing emissions but also as a means of ensuring industrial competitiveness and promoting innovation in low-carbon technologies.

### 1. Policy Advocacy

France has consistently supported the integration of CBAM into the EU's climate strategy. President Emmanuel Macron, during his tenure, emphasized the importance of aligning trade policies with environmental objectives. Macron highlighted CBAM as a means to ensure fairness in international trade, particularly in sectors like steel, cement, and aluminium, which are highly carbon-intensive.

### 2. Supporting Legislative Development

France actively participated in drafting the CBAM regulations, pushing for robust mechanisms to prevent carbon leakage while ensuring compliance with World Trade Organization (WTO) rules. French policymakers advocated for transparency and fairness in CBAM calculations to avoid accusations of protectionism, thereby fostering global cooperation.



## Key Policies Implemented by France to Align with CBAM

France's approach to CBAM is multifaceted, involving a mix of national policies and EU-level collaborations:

### 1. Strengthening Carbon Pricing

France has reinforced its domestic carbon pricing framework to align with the EU Emissions Trading System (ETS), a critical component of CBAM. The country has steadily increased its carbon tax, currently among the highest in the EU, to incentivize decarbonization across industries.

### 2. Promoting Industrial Decarbonization

To prepare domestic industries for CBAM, France has introduced targeted measures to support energy-intensive sectors. These include:

- **Subsidies for Green Technologies:** Grants and loans for industries investing in renewable energy, hydrogen, and carbon capture and storage (CCS) technologies.
- **Public-Private Partnerships:** Collaborative efforts to develop low-carbon production processes in sectors such as steelmaking and cement manufacturing.

### 3. Encouraging Circular Economy Practices

France has prioritized circular economy principles to reduce dependency on imported raw materials, aligning with CBAM's objectives. Policies like extended producer responsibility (EPR) and waste reduction targets contribute to minimizing carbon footprints.

### 4. International Climate Diplomacy

Recognizing CBAM's global implications, France has engaged in extensive climate diplomacy. The country has sought to build alliances with developing nations, providing financial and technical support to help them transition to low-carbon economies, thus addressing concerns about CBAM's impact on their exports.



## Progress and Achievements

France has made notable strides in advancing CBAM-related initiatives, both domestically and internationally:

### 1. Industrial Readiness

French industries have increasingly adopted sustainable practices in anticipation of CBAM. **Major corporations, such as Arcelor Mittal and Lafarge Holcim, have unveiled ambitious decarbonization plans, including investments in green hydrogen and carbon-neutral cement.**

### 2. Research and Innovation

France has established itself as a hub for research on low-carbon technologies. The government's **France 2030 investment plan allocates €30 billion to promote innovation, with a significant portion directed toward energy transition projects.** These efforts not only enhance France's competitiveness but also position it as a leader in global climate solutions.



### 3. Collaboration with EU Partners

France has worked closely with other EU nations to ensure a unified approach to CBAM implementation. This includes coordinating policies to address potential trade disputes and developing mechanisms for accurate carbon accounting in imports.

### 4. Addressing Developing Country Concerns

To mitigate CBAM's impact on low-income countries, France has advocated for mechanisms like revenue recycling and capacity-building programs. These initiatives aim to support vulnerable nations in adopting cleaner technologies while maintaining access to European markets.

## Challenges and Criticisms

Despite its proactive stance, France faces several challenges in its CBAM journey:

### 1. Domestic Resistance

Some industrial players in France have expressed concerns about the potential economic burden of CBAM, particularly during the transition period. High energy costs and global competition remain significant hurdles for small and medium-sized enterprises (SMEs).

### 2. International Opposition

CBAM has faced criticism from trading partners, especially those in emerging economies. Countries like China and India have argued that the mechanism could disproportionately impact their exports, viewing it as a form of trade protectionism.

### 3. Compliance and Monitoring

Ensuring accurate carbon accounting for imports is a complex task, requiring robust monitoring systems. France, along with other EU nations, must address these logistical challenges to prevent loopholes and maintain CBAM's credibility.

## Future Outlook

France's commitment to CBAM aligns with its broader climate goals, including achieving carbon neutrality by 2050. Looking ahead, several key priorities will shape the country's approach:

### 1. Enhancing Global Cooperation

France will continue to advocate for a multilateral approach to carbon pricing, engaging with international organizations like the WTO and the United Nations Framework Convention on Climate Change (UNFCCC). By fostering global consensus, France aims to reduce trade tensions and promote equitable climate action.

### 2. Scaling Up Green Investments

The government plans to increase funding for renewable energy, electric mobility, and green infrastructure, ensuring that French industries remain competitive in a carbon-constrained world.

### 3. Strengthening Support for Developing Nations

France is likely to expand its financial and technical assistance programs for developing countries, addressing equity concerns and fostering partnerships to accelerate the global transition to sustainable practices.

## Conclusion

France's proactive stance on CBAM reflects its unwavering commitment to combating climate change while safeguarding economic interests. By aligning national policies with EU directives and fostering international collaboration, France is setting a benchmark for integrating climate objectives into trade policies. **CBAM has already begun to yield tangible benefits for France:**

- **Reduction in Carbon Leakage:** France saw a 12% reduction in emissions attributed to industrial production relocation by 2023, thanks to CBAM-related policies.
- **Industrial Innovation:** Industries in France have invested over €3 billion in green technologies since 2022, reducing their carbon intensity by an average of 15% across key sectors like steel and cement.
- **Economic Gains:** CBAM revenues are estimated to contribute €1 billion annually to France's climate transition fund, financing renewable energy projects and industrial decarbonization.

However, achieving CBAM's full potential will require addressing domestic and global challenges through innovation, diplomacy, and inclusive policymaking. As the world grapples with the twin crises of climate change and economic inequality, France's leadership in CBAM matters offers a promising blueprint for a sustainable and equitable future. ■

