

# JEAN MONNET MODULE

101085102-EU-TRADE-ERASMUS-JMO-2022-HEI-TCH-RSCH

GREEN DEAL, SUSTAINABLE TRADE AND TURKIYE'S INTEGRATION

VOLUME 10 | FEBRUARY 2024



## THE GREEN DEAL: THE KEY TO SUSTAINABLE TRADE

Prof. Dr. Rana ATABAY KUŞÇU

As the world enters a new era in the fight against the climate crisis, concepts such as the Carbon Border Adjustment Mechanism (CBAM) and the Green Deal come to the fore. These concepts enable us to take steps towards a sustainable future by promoting the decarbonization of global trade and the economy.

The CBAM aims to reduce carbon emissions by providing a fair competition environment between countries. In particular, the EU's leading role in this area demonstrates its commitment to balancing the environmental impacts of trade. This mechanism supports the decarbonization efforts of importing countries by regulating commercial relations by considering carbon emissions in production processes.

The Green Deal aims to increase social welfare by considering environmental and economic sustainability together. Sustainable trade is a key element of this deal because it supports economic growth and employment by reducing the environmental impacts of trade. However, to achieve these goals, innovative tools such as CBAM need to be effectively integrated.

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Decarbonization refers to the process of decarbonizing the economy. The transition from fossil fuels to clean energy sources forms the basis of this process. However, this transition must occur not only at the local level but also at the global trade and economic level. CBAM strengthens decarbonization efforts by allowing this transition to occur fairly in global trade.

The concepts of Green Deal and sustainable trade emphasize the importance of acting together to ensure environmental and economic sustainability at the global level. Tools like the CBAM are key to achieving these goals and require global cooperation and adaptation. To leave a healthier planet to future generations, we must embrace and apply these concepts.



**WE NEVER FORGET!**



**06.02.2023**



**We commemorate our citizens who lost their  
lives in the earthquake with mercy...**



# EU Carbon Border Adjustment Mechanism\*

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*Republic of Türkiye Ministry of Trade  
Deputy Director General for  
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We are going through a period in which the global economy and trade are increasingly being shaped around a carbon-neutral future. Set to embrace the global leadership in fighting climate change, EU has been guiding the work for devising policy tools to achieve heightened climate objectives. Indeed, as part of efforts to increase EU emission reduction target to 55% by 2030, the European Commission announced the “Fit for 55” legislative package, including the reform of EU’s Emissions Trading System and the Carbon Border Adjustment Mechanism (CBAM).

Following two years of internal discussions, EU’s CBAM has been put into effect as of 1 October 2023, starting with a transition period that will last until the end of 2025. The transition period aims to lay the ground for a full-fledged CBAM implementation from 2026.

The goal of CBAM has been announced as to prevent the risk of carbon leakage in the face of increased climate ambitions of the EU. Accordingly, CBAM will be implemented in 6 energy intensive sectors initially defined as the steel, aluminum, cement, fertilizer, hydrogen and electricity sectors. These sectors will be subject to carbon prices when imported to the EU according to the embedded carbon emissions of the product.

The initial implementation will still provide for some flexibilities thanks to the free allowances that are expected to be allocated in parallel with the EU ETS and at a diminishing rate until 2034. Although CBAM products constitute a relatively small part of EU’s total imports from the world, it still accounts for an important amount of exports of several countries, including Türkiye. Türkiye had a share of 9,5% in EU’s total imports of CBAM products and this accounted for more than 13% of Türkiye’s total exports to the EU in 2022. Furthermore, the CBAM is likely to be extended to other sectors, and especially downstream sectors using CBAM products, potentially multiplying its impact in international trade.



## REVIEWS Cont.

CBAM is the first ever design and implementation of carbon border adjustment and it also has the potential to cause a domino effect in other countries. This is already the case for the UK, which announced its intention to implement a CBAM as of 2027 during COP-28. In addition, initiatives like the Climate Club, the Steel and Cement Breakthroughs also have potential to support carbon border measures through technical work on common methodologies for calculating and reporting GHG emissions embedded in energy-intensive products.

This raises the question of whether the implementation of EU's CBAM will constitute a stepping-stone for a new sustainable international trade order or a stumbling block in international trade, creating additional financial and administrative costs especially for SMEs. This would very much depend on whether and how the current discriminatory aspects of CBAM will be addressed, including those in term of its scope, the incentives afforded exclusively to high-performing producers, and the dual costs and administrative burdens stemming from the verification and reporting processes. In the case of Türkiye, the extent and depth of the collaboration with the EU for preserving the free movement of goods will also be critical for the functioning of the Customs Union.

Despite its challenges, concentrating on the opportunities this process may create, have a potential to give further impetus to Türkiye's climate mitigation efforts, through improving Türkiye's standing in sustainable value chains. To this end, several initiatives envisaged in the Turkish Green Deal Action Plan, such as the implementation of the strategic roadmaps for low-carbon growth in energy-intensive industries, the establishment of a national emissions trading system (ETS), alignment with newly developing EU sustainable product standards, and the augmentation of research and development incentives would remain crucial.

\*The views in this article only represent those of the author and cannot be attributed to any government agency.



## Commission Presents Recommendation for 2040

### Emissions Reduction Target to Set the Path to Climate

#### Neutrality in 2050

The Commission has published a detailed impact assessment on possible pathways to reach the agreed goal of making the European Union climate neutral by 2050. Based on this impact assessment, the Commission proposes to reduce net greenhouse gas emissions by 90% by 2040 compared to 1990 levels, starting a dialogue with all relevant parties. The next Commission will then propose legislation, which must be approved by the European Parliament and Member States in order to comply with the EU Climate Law. This suggestion is compliant with the EU's obligations under the Paris Agreement as well as the guidance provided by the European Scientific Advisory Board on Climate Change (ESABCC).

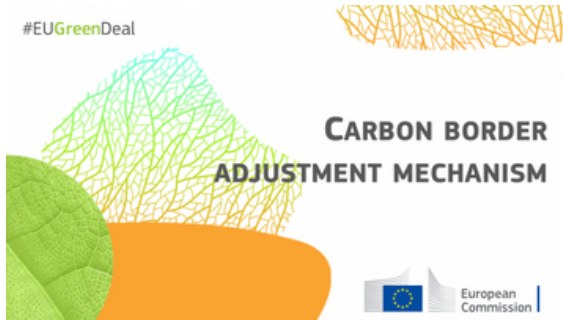


[For more detail](#)



## Deadline for CBAM Reports Extended

1 October 2023 - 31 December 2025, the European Union Carbon Border Adjustment Mechanism (CBAM) transition period foreseen between 1 October 2023 and 31 December 2025 requires the reporting of product emissions covered by the CBAM. Reports are submitted until the end of the month following the end of the relevant quarter. According to the European Commission announcement published on 29 January 2024, the report submission period has been extended by 30 days for the obliged parties who could not submit the CBAM report due to technical problems.



In this context, as of 1 February, a 30-day extension period will be granted in the Central Electronic Registration System (Transitional Registry) where report notifications are made. Those who do not encounter technical difficulties are encouraged to declare their CBAM reports on time. Pursuant to the Implementing Regulation 2023/1773, which sets out the procedures and principles for the CBAM transition period, reporting obligors will be able to make corrections to the first three CBAM reports submitted until 31 July 2024.

[For more detail](#)



## EU Adopts New Regulation Eliminating 500 Million Tonnes of Greenhouse Gas Emissions

The European Council announced today that it has adopted new legislation aimed at phasing down highly potent greenhouse gases including fluorinated gases (F-gases) and ozone depleting substances (ODSs), marking the last major step to the implementation of the new regulation. According to a statement by the European Commission welcoming the announcement, the new rules will result in the elimination of 500 million tonnes of CO<sub>2</sub>-equivalent emissions by 2050, roughly equal to the combined annual emissions of France and Belgium.



The new regulations will see consumption hydrofluorocarbons (HFCs), which account for around 90% of F-gas emissions, completely phased out by 2050, and reduced by 95% by 2030, on a 2015 basis, and will restrict the use of all F-gases in equipment where climate-friendly alternatives are available. The legislation also includes an export ban to ensure that obsolete equipment containing high global warming potential gases are not sold to countries outside the EU, as well as providing incentives for the use of climate-friendly alternatives. The new rules will enter into force 20 days after publication in the EU's Official Journal, following the signing of the regulations by the Council and EU Parliament.

[For more detail](#)



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## Balancing Act: Carbon Border Adjustment Mechanism in a Changing World

Environmental concerns are becoming the primary focus of economic policy as a result of the worldwide goal of sustainable development. The Carbon Border Adjustment Mechanism (CBAM) is one such crucial instrument in the pursuit for carbon neutrality. In the face of global climate change issues, this mechanism appears as a means of striking a balance between economic interests and environmental responsibilities.

The goal of CBAM is to solve the problem of carbon leakage, which is the possibility that industries that produce large amounts of carbon dioxide would move to areas with less stringent environmental laws, undermining international efforts to cut emissions. This mechanism levels the playing field and discourages the use of carbon-intensive manufacturing techniques by imposing a price on imported goods depending on their carbon footprint. Nations attempt to maintain a worldwide commitment to sustainability while safeguarding their own industries in this complex balancing act.

The effectiveness of CBAM resides in its capacity to globally motivate environmentally friendly actions. It encourages investment in cleaner technology by making both domestic and international firms aware of the external cost of carbon emissions. Moreover, the challenge is preventing unforeseen outcomes like trade disputes and disagreements over the technique for determining carbon footprints. Also, collaboration on a worldwide scale is also required for CBAM in an increasingly interdependent society. To provide an impartial and open evaluation of the carbon emissions linked to products, countries need to work together to develop standardized techniques. Countries must negotiate conflicting economic interests while preserving the shared objective of environmental preservation, therefore striking this balance needs diplomatic ability. Furthermore, developing country assistance programs need to be implemented with CBAM. The international community must help to guarantee an equitable transition and avoid placing unnecessary obligations on economies in transition, taking into account the different capacity of nations to embrace sustainable practices.

In summary, in a world aiming for sustainability, the Carbon Border Adjustment Mechanism is an essential balancing act. By encouraging international collaboration and providing incentives for the use of cleaner technology, it acts as a mechanism to balance economic interests with environmental obligations. The effective adoption of CBAM holds the potential of a more equitable and sustainable future as countries manage this delicate equilibrium.

### Innovation Incentives: CBAM's Role in Driving Technological Transition

The urgency of tackling climate change has never been greater. As the world grapples with the consequences of rising greenhouse gas emissions, the transition to sustainable practices is vital. Technological transformation plays a vital role in this endeavor, enabling industries to reduce their carbon footprint and adopt cleaner alternatives. To this end, the Carbon Border Adjustment Mechanism (CBAM) was introduced by the European Union (EU) as a policy to address "carbon leakage" and incentivise cleaner production. It is a carbon tariff applied to carbon-intensive products such as steel, cement and some electricity imported into the EU. CBAM aims to put a fair price on the carbon emissions associated with these goods and incentivise trading partners to decarbonise. As a result of this taxation, businesses can contribute to a greener future and ensure their long-term viability by adopting innovative solutions.

In today's fast-paced technological environment - with the climate crisis threatening the planet - fostering innovation and sustainable practices is crucial. This is where the Carbon Border Adjustment Mechanism (CBAM) comes in, acting as an accelerator for technological transition on a global scale. By imposing a carbon price on certain imported goods, CBAM can incentivise innovation and encourage both domestic and foreign industries to adopt greener practices. CBAM imposes a cost on carbon-intensive imports, making them less competitive compared to cleaner alternatives produced within the EU. This pushes non-EU companies to adopt cleaner technologies to reduce their embedded emissions and remain competitive in the EU market. This stimulates research and development, attracting investments in areas like renewable energy, carbon capture, and green hydrogen. The expected implementation of CBAM has already led to increased interest in hydrogen production in various countries like Türkiye, Saudi Arabia and Morocco, aiming to export "green" hydrogen to the EU market. Also, CBAM helps prevent carbon leakage, ensuring that businesses cannot circumvent carbon pricing regulations by relocating to countries with less stringent environmental standards. Furthermore, CBAM encourages collaboration between companies, researchers, and policymakers to find creative solutions to reduce carbon emissions. This collaborative effort fosters innovation and knowledge-sharing, ultimately accelerating the development and adoption of sustainable technologies.

By incentivizing companies to adopt greener practices, invest in clean technologies, and reduce their carbon footprint, CBAM promotes a sustainable future. As governments and industries collaborate to address climate change, CBAM serves as a powerful tool to level the playing field, encourage fair competition, and shape a greener and more prosperous world.



**Dilara TÜRK**

**Project Team**

Medipol Business  
School, Economics  
and Finance





## WHAT WE HAVE DONE SO FAR?



Organized in cooperation with Istanbul Medipol University Career Center, Sustainable Development Application and Research Center and EU-TRADE, "On the Road to Sustainability with MNG Kargo" seminar attracted great interest. The manager of MNG Kargo Corporate Communication and Marketing Department, Efe Çıvgın gave information to the students about MNG Kargo's sustainability strategies, its position in the sector, and the areas of sustainability and social development.

In the seminar, MNG Kargo's sustainability targets and the strategies it follows to achieve these targets were discussed in detail. Çıvgın conveyed the current developments in the sector to the students. He also shared important information about the company's social responsibility projects and its contributions to social development.

The seminar took place with the active participation of the students and time was allocated to answer the questions of the participants after the presentation.



## NEW SEMESTER ANNOUNCEMENT

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**GREEN DEAL, SUSTAINABLE TRADE AND TURKIYE'S INTEGRATION**  
2022-2025

Fall & Spring Semesters  
BA Course & Role-Playing  
Seminars

All students can select the course

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**GREEN DEAL, SUSTAINABLE TRADE AND TURKIYE'S INTEGRATION**  
2023-2024  
Fall Semester

- EU's New Roadmap: Green Deal within scope of Sustainable Trade
- Climate Change and EU Policies
- Trade Policy for the World of 2030: SDGs and Sustainability
- EU Trade Agreements; Modernisation of the EU-Türkiye Customs Union
- Trade and Development Policy
- Greening Global Supply Chains
- Green Economy and Trade (Carbon Border Adjustment Mechanism)
- Corporate Sustainability
- Greening of the SMEs
- Trade, Renewable Energy and Environment
- Türkiye's Action Plan and Green Deal
- Integration to Green Deal Trade Policies
- Modeling - Role - Playing

"Green Deal, Sustainable Trade and Türkiye's Integration" course will continue for spring semester!

This semester promises a unique opportunity to be at the forefront of shaping the future of trade, sustainability, and global integration.

Don't miss the chance to be part of this groundbreaking Jean Monnet Module, where theory meets real-world application, and where you play a pivotal role in the journey towards a greener, more sustainable world.

Let's shape the future together! Join us in exploring the nexus of Green Deal, Sustainable Trade, and Türkiye's Integration.



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