

JEAN MONNET MODULE

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GREEN DEAL, SUSTAINABLE TRADE AND TURKIYE'S INTEGRATION

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CHALLENGES ON CBAM

Prof. Rana ATABAY KUŞÇU, PhD

The Carbon Border Adjustment Mechanism (CBAM), one of the main tools for achieving the European Union's (EU) greenhouse gas emission reduction target set with the European Green Deal, aims to protect Europe's competitiveness in the face of the cost of green transformation and to increase global efforts to combat climate change.

This transformation must be just and inclusive, leaving no one behind.

With the Paris Agreement, which was adopted in 2015 and entered into force in 2016, the parties agreed to keep the increase in global average temperature 2°C above pre-industrial levels and to make efforts to limit the temperature rise to 1.5°C above pre-industrial levels. This effort would strengthen the 2030 targets to reduce the impacts and risks of climate change.

The European Green Deal is centered on addressing climate and other environmental issues and accomplishing the Paris Agreement's goals.

The EU has firmly committed to the 2030 targets for greenhouse gas reduction and is making significant efforts to achieve this through regulatory framework agreements. As a result of these efforts, the EU has become "dominant" in the fight against climate change.

However, because the EU's economic partners do not share the same "climate concerns" as the EU, there is a **"risk of carbon leakage."** Carbon leakage occurs when companies in specific industrial sectors or sub-sectors relocate production to other nations due to the costs associated with climate policies, or when imports from these countries replace identical products that emit less greenhouse gas.

Table Of Contents

1. *Challenges on CBAM by Prof.Dr. Rana ATABAY KUŞÇU*

2. *EU News*

3. *Interview with Assist.Prof.Dr. Emil MUTAFOV*

4. *What We Have Done So Far?*

5. *Possible Impacts of Carbon Border Adjustment Mechanism on Türkiye & Emission Trading System*

Carbon leakage contributes to higher global emissions. This undermines the EU's emission-cutting objectives. Furthermore, CBAM will have an impact on all developing nations that export energy-intensive primary goods to the EU. However, studies show that this will have an even greater detrimental impact on small economies. These export-dependent economies, particularly those reliant on the EU, may confront significant macroeconomic issues in the future years.

CBAM commences with carbon emission reporting requirements for imports at its borders on October 1, 2023. The big boom, though, will occur in 2026, when the EU begins charging high fees for carbon emissions hidden in imported goods.

The text of the EU Regulation establishing CBAM was published in the Official Journal of the EU on May 16, 2023, under the number L130. CBAM is said to be based on WTO rules and other EU international obligations.

With the gradual implementation of CBAM from 1 October 2023 and its entry into force as of 2026;

- EU importers will purchase carbon certificates corresponding to the carbon price they would have paid had the goods been manufactured under EU carbon pricing rules.
- In contrast, if a non-EU manufacturer can demonstrate that it has already paid a price in a third nation for the carbon used in the production of imported goods, the cost can be fully deducted from the EU importer.
- Therefore, CBAM will help manufacturers in non-EU countries to reduce the risk of carbon leakage by encouraging their production processes to be greener.

In terms of value, Türkiye ranks sixth among countries exporting to the EU. Türkiye's overall exports to the EU account for 40.6 percent of total exports. CBAM covers sectors with high carbon emissions that play a significant role in Türkiye's exports to the EU. Fertilizers, cement, iron and steel, electricity, aluminum, and hydrogen are among these industries. Türkiye is an important supplier of cement, iron-steel, and aluminum to the EU. According to 2021 data, Türkiye has a 44 percent market share in the cement industry in the EU market, while it ranks second with an 11 percent share in the iron and steel sector after Russia. The aluminum industry accounts for 10% of the EU market.

With CBAM, goods under this scope will have to report their carbon emissions in their manufacturing process at the EU border. However, if Türkiye implements a carbon pricing system compatible with CBAM, it will avoid paying carbon tax and pay less tax, which will increase its competitiveness in the EU market, otherwise, Türkiye can experience serious losses in the EU market.

CBAM is expected to be implemented in resource-intensive industries such as home appliances, textile, chemistry, and automotive in the next years. CBAM's impact in Türkiye is projected to grow at this stage.



European Green Deal: new law agreed to cut aviation emissions by promoting sustainable aviation fuels

The Commission welcomes the political agreement on the ReFuelEU Aviation proposal, reached between the European Parliament and the Council. Once in place, the new rules will help decarbonise the aviation sector by requiring fuel suppliers to blend sustainable aviation fuels (SAF) with kerosene in increasing amounts from 2025. This measure on its own is projected to reduce aircraft CO2 emissions by around two-thirds by 2050 compared to a 'no action' scenario, and provide climate and air quality benefits by reducing non-CO2 emissions.



The deal marks the last agreement on the transport proposals within the 'Fit for 55' package, as agreements on updated rules on emissions trading in the aviation sector and in the maritime sector, on promoting sustainable fuels for shipping, as well as on the accelerated deployment of alternative fuels infrastructure, were already reached.

[For more detail](#)

Green Deal Action Plan 2022 Annual Report published

The Ministry of Commerce of the Republic of Türkiye has been tasked with the coordination and secretariat of the 2021/15 Presidential Circular and the Green Deal Action Plan, and informs all stakeholders about the studies carried out within the scope of the actions included in the Action Plan and the developments within the framework of the European Green Deal.



In this context, the Green Deal Action Plan 2022 Annual Report has been published and is accessible under the heading "Green Deal Action Plan and Working Group".

[For more detail](#)

European Green Deal: Adopting landmark climate laws to put the EU on a path to further emissions reductions

The Commission warmly welcomed the final adoption of a series of regulations in the field of climate policy, essential to achieving the objective of climate neutrality by 2050. Following the positive vote of the European Parliament, the legislative process was also completed this morning in the Council for the revised directive on the emissions trading system (ETS), integrating emissions from maritime transport as well as those from aviation a new €86.7 billion Social Climate Fund to support the most vulnerable as part of the green transition, the new Carbon Border Adjustment Mechanism (CBAM) to ensure that imports too pay the fair carbon pricing, and a separate emissions trading system for road transport and building fuels.



These laws can now come into force which is essential to reduce the EU's net greenhouse gas emissions by at least 55% by 2030 and become climate neutral by 2050. The new Social Climate Fund will provide dedicated financial support to Member States to help vulnerable citizens and micro-enterprises invest in energy efficiency measures to ensure that no one is left behind in this transition. It will start operating in 2026 and will be funded by €65 billion from the EU budget, plus 25% co-funding by member states.

[For more detail](#)



INTERVIEW

Assist.Prof.Dr. Emil MUTAFOV, Trakia University



He is part of the “Regional Development” department and holds an academic position as Chief Assistant Professor in the Faculty of Economics, Trakia University, Stara Zagora. With more than 10 years of experience in the field of education, his research interests are in the field of Bioeconomy, public services, public finances, and regional development. He specialized in leading European universities such as Pannon University, Veszprem, Hungary; USAVM, Bucharest, Romania; Poznan University of Life Sciences, Poznan, Poland; Universidad Miguel Hernandez De Elche, Elche, Spain; Czech University of Life Sciences, Prague, Czech Republic. He has project experience in more than 10 local, national, and international projects, including “Challenges to regional planning and possibilities for integrated development of municipalities” where he is chief of the project.

? **What are the “keywords” of the content you present within the scope of the Jean Monnet module? How would you interpret its relationship with the European Green Deal?**

I can describe the content that I present to students with words like: *Green Deal, green procurement strategy, and corporate social responsibility strategies*. All of them are directly related to the European Green Deal policy and its main goals. In the end, we would like to achieve a more efficient way to use our resources and contribute to global well-being with a great impact on the environment, so all these topics are important having direct relation to the EU Green Deal.

? **Could you please tell us what being a Jean Monnet Module lecturer contributed to your academic career?**

Jean Monnet Module is a great opportunity for anyone who participates to be part of something global and bigger. It brings valuable experience to me as a lecturer and this gives me the confidence I need, so I can become better in my daily work. Also, we don't have to forget the recognition and appreciation in the educational field, which means a lot, especially for me.

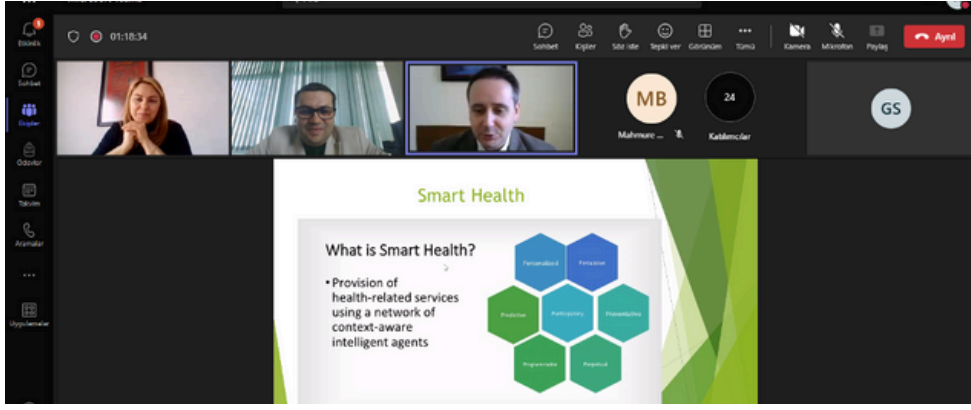
? **From the perspective of your field of study, how do you evaluate the roadmap for Türkiye's integration/harmonization process with the European Green Deal?**

Türkiye has made significant investments to match its environmental policies with the European Union. It is very important to adjust the energy strategy, especially the renewable energy policy. Therefore, I can say Türkiye's energy strategy would be greatly influenced by the EU having a very great influence on renewable energy technology. Of course, Türkiye's a developing country and this means electricity consumption is increasing rapidly. Producing the needed electricity from low-carbon energy types is of great importance for environmental sustainability and reducing climate change. In the end, I believe Türkiye is on the correct path to comply and unify its strategies with EU Green Deal requirements and suggestions, and this way to contribute even more than expected by the EU.





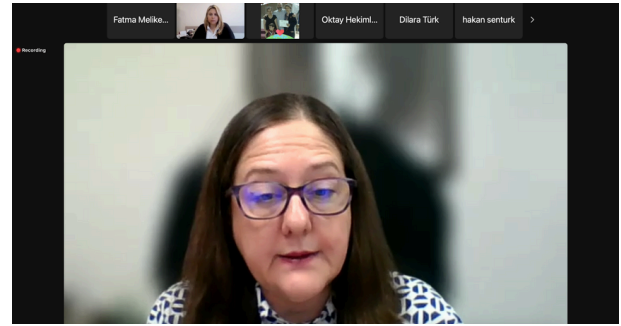
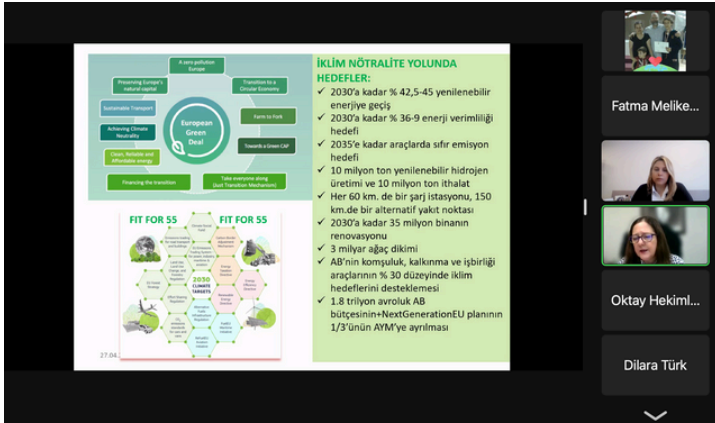
WHAT WE HAVE DONE SO FAR?



Within the scope of the module, from **Trakia University Stara Zagora, Bulgaria Faculty of Economics, Georgi Aleksiev, PhD and Assist. Prof. Emil Mutafov, PhD** met with students with the title “**Green Procurement Policies And International Trade & Green Supply Chain Management In The Green Deal Context**”.

In the course, we talked about green procurement and logistics management and the purpose and benefits of a green supply chain. In our discussion of the contribution of green product lifecycle management to reverse logistics and the circular economy have evaluated. We discussed how the internal and external barriers to green procurement can be overcome with green marketing.

European Green Deal and Its Effect on Türkiye-EU Relations



The seminar in the scope of the EU-(TR)ADE Jean Monnet Module was held with the contribution of **Assoc. Prof. Çiğdem Nas**, General Secretary of the Economic Development Foundation.

The seminar entitled “**European Green Deal and Its Effect on Türkiye-EU Relations**” is moderated by the module coordinator Prof. Dr. Rana Atabay Kuşçu. The general framework of the seminar was how Türkiye-EU relations would be affected within the framework of the European Green Deal. The European Green Deal was evaluated by Assoc. Prof. Çiğdem Nas. Then, the EU's climate targets, the steps to achieve a climate-neutral continent, and the circular economy action plan were evaluated. Then, the carbon regulation mechanism at the border, Türkiye's position in the Green Action Agreement, and the trade relationship between Türkiye and the EU were evaluated within the framework of the Customs Union.

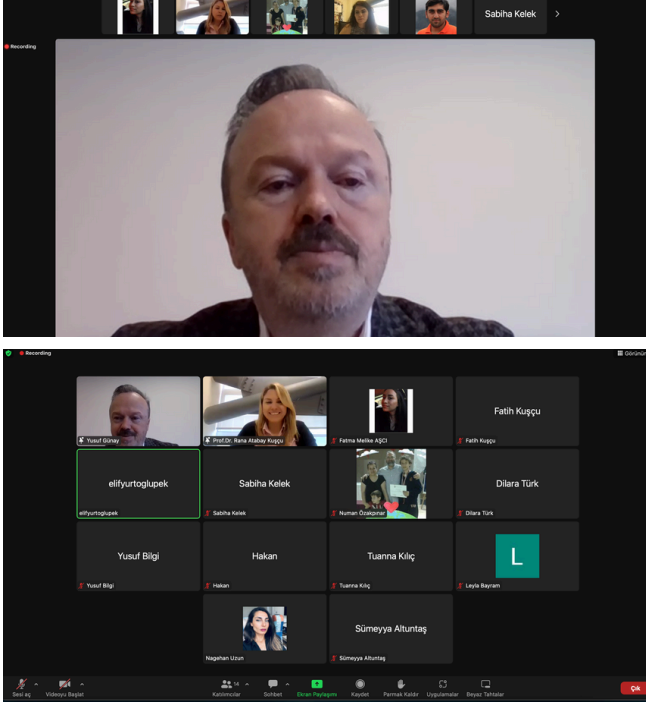


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WHAT WE HAVE DONE SO FAR?



The "Energy Transition and Green Hydrogen" seminar was held with the contribution of Yusuf Günay, President of the **Green Hydrogen Producers Association, H2DER**. Mr. Yusuf Günay addressed various topics. The energy crisis of the 90s and the economic restructuring process in the 2000s, the growing significance of renewable and alternative energy sources, the importance of green hydrogen, and Türkiye's renewable energy capacity were discussed.



The most interactive and innovative part of the course is based on role-playing. In the last week of the semester, students divided into groups and performed role-playing. They evaluated the effects of the EU Green Deal on the economies of Türkiye and the European Union with a specific focus on **SDGs and Trade, Green Jobs, SMEs, and SDGs and Energy**. Students conducted a debate through the eyes of the institutions they represented. With this modeling, leadership, initiative speaking, public speaking, teamwork abilities, and many other soft skills would be developed. The main purpose of conducting this methodology is to make the course more interactive, instructive, and informative.



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Possible Impacts of Carbon Border Adjustment Mechanism on Türkiye

Dilara TÜRK

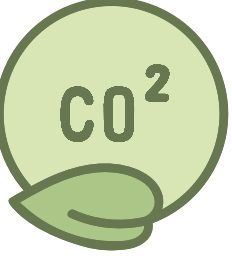
Project Team

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According to the decision taken by the European Union with the Green Deal and Fit 55 program in 2021, it will implement the Carbon Border Adjustment Mechanism- CBAM, which plans to tax imported products according to their carbon content. Unlike previous practices, companies will be taxed on the products they export rather than on their production conditions, thus preventing carbon leakage. According to the new application, exporters are required to obtain a Border Carbon Application certificate from their country and must declare the tons of products they exported to the EU in the previous year and the greenhouse gas emissions they created on May 31 of each year. In the tax calculation, it is foreseen that the greenhouse gas emission will be priced at €30 or €50 per ton.

Tax Liability = Emission x Product (Tonnes) [x Carbon Price]

According to the information in SHURASTAT prepared by the SHURA Energy Transition Center, Türkiye is the third country that exports the most to the EU in aluminum and iron, and steel. In the report of the Institute for Advanced Sustainability Studies (IASS), Türkiye is one of the countries where the new regulation mechanism poses a high risk. According to the study by TUSIAD, the new regulation is that Türkiye's EU exports will result in a large tax increase. In scenarios where the carbon price is €30/ton, Türkiye will have to pay €1.085 billion annually to the EU, while in the case of €50/ton, the estimated figure is €1.794 billion. The sector that will be most affected by the tax in the first place is the cement sector. Then, electricity, iron-steel, aluminum, and hydrogen will be affected by the tax. Although it seems to have negative effects on Türkiye at first, making green investments, in the long run, can be turned into an advantage.



Emission Trading System

As the world ages, an energy source that is used becomes more important for the future. For this reason, as producers and consumers, it is necessary to take responsibility to leave a cleaner and greener world for the next generations. The carbon pricing mechanism, which is one of the major steps taken by the European Union in reaching these targets, is of great importance. Emission trading systems Trading System was launched in 2005 by the European Union to emit carbon dioxide (CO2) and other greenhouse gases, which are an important part of this mechanism. ETS is also known as environmental taxation. Emission Trading System is one of the direct carbon pricing instruments which means that countries that use this system have to apply it as legislation. Emission Trading Systems have been focused on high -and middle-income countries. The main targets of ETS are creating efficient and green growth for the future and reducing emission levels most cost-effectively. In the ETS, there are two main trading systems. Cap and Trade System and Baseline and Credit System. The European Union had tried to find the least-cost formula to fight climate change. Because using too much carbon dioxide (CO2) and greenhouse gases will increase the warming of the globe which causes irreversible climate damage. For reducing this damage, the EU works with the cap-and-trade system which means that there is an upper limit for reducing a certain amount of greenhouse gases and carbon dioxide (CO2). On the other hand, in the baseline and credit system, there is not any upper limit for the reduction of these environmentally dangerous gases. Emission Trading System has the incentive to make investments in making clean technologies. The European Union has tried to be limiting the emissions from power sectors, big industries, and airplanes instead of limiting households. This Emission Trading System was first applied in European countries, as well as Iceland, Norway, and Liechtenstein.



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