

MOEA 2021 1st New Economic Development

Consulting Meeting

Minutes Abstracts

1.CBAM bilateral negotiation

- (1) After the CBAM transition period (2023-2025), the European Commission will make flexible adjustments to product categories. The target of CBAM should be included in all products in the EU Emissions Trading System (ETS), so Taiwan government should not limit it to the current products announced in the draft, all industries should pay attention.
- (2) The European Commission has yet to formulate further implementation rules of CBAM; especially indirect emissions, since the discharge coefficient of Taiwan's power is not very satisfactory, the EU can be based on the exporting country's geography, natural resources, market conditions, main energy sources, industrial processes, etc. to adjust the rules. Taiwan government can use these different conditions as an entry point to actively strive for preferable terms for my country's industries.
- (3) Although the EU emphasizes that the design of CBAM will be in line with the WTO, there is still much room for discussion, especially control measures. Once CBAM is implemented, disputes, objections, and litigation may become the norm, creating new trade barriers. Taiwan government can negotiate with EU according to these barriers.
- (4) The EU will inevitably reconcile the opinions of various countries to make CBAM in line with international standards,

and promote energy conservation and carbon reduction, meanwhile, no harm to developing countries. If the EU releases the revenue created by CBAM in the future to support ASEAN or other Asian countries developing green supply chains, through the new southbound connection of Taiwan may be able to neutralize Taiwan's disadvantages in CBAM.

2. Carbon content certification mechanism

- (1) In the future, EU importers may require Taiwanese suppliers to register carbon emissions in the EU database. At present, many of Taiwan's carbon footprint quantification criteria are different from those of the EU. How to integrate with international standards is the key of future carbon content certification. Taiwan government should counsel and assist small and medium enterprises to build GHG inventory categories (ISO14064) and carbon footprint verification (ISO14067) system and build sufficient verification capacities.
- (2) Taiwan has developed a fairly mature product life cycle carbon emission factor, such as roads, traffic, bridges, transportation, semiconductors, etc. Taiwan government should promote international adoption of Taiwanese standards.

3. Carbon pricing, ETS and carbon fees

- (1) The ways of carbon pricing should give incentives to different industries in our country to reduce carbon, so that suppliers implement carbon reduction plans and purchase equipment for carbon reduction. Price discrimination should be used in design of carbon pricing when companies implement carbon reduction.
- (2) The current lack of a carbon certificate trading mechanism has caused many small and medium-sized enterprises to purchase certificates from abroad and for SMEs, there is no incentive to

reduce carbon. The Greenhouse Gas Reduction Act will decide the content of carbon pricing. In the future, if there are enough incentives in the law and establish a domestic carbon trading and pricing mechanism to keep the money in Taiwan, then the low-carbon and green transition can be accomplished.

4. National Energy Policy

- (1) Carbon reduction issue is an inter-ministerial issue, which has resulted in many industries in Taiwan that have not yet set carbon reduction targets. Many countries use national-level green development funds or green financing to provide incentives to set specific carbon reduction targets, implement greenhouse gas inventory, combine with low-carbon and green solutions, and purchase certificates to offset.
- (2) The biggest challenge for the 290 largest carbon companies in Taiwan is the Scope 2 indirect carbon emissions, which Taiwan government should assist companies in reducing the impact of renewable energy. With the approach of 2030, the sufficiency of green power supply is the utmost importance.