Total welcomes the initiative of the European Commission to propose a carbon border adjustment mechanism. A well-designed mechanism can be a powerful tool to drive GHG emission reductions globally and at the same time avoid carbon leakage.

The risk of carbon leakage for energy intensive industries in Europe, including refining and petrochemicals, is very real as long as other parts of the world do not catch up with Europe's climate policies – and there are no signs that the major trading partners relevant for our sectors (USA, Russia, Middle East, …) have any intention to do so. The current carbon leakage measures (free allowances and compensation of indirect cost) are imperfect and not sustainable in the long run.

A carbon border adjustment mechanism that imposes direct and indirect carbon cost to importers similar to the cost already charged to European manufacturers would restore a level playing field on the European market, provide a stronger incentive for importers to adopt climate policies at home and allow the carbon content of products to be better reflected for the final customer, providing a more efficient and powerful signal for consumption and behavioral changes.

The design of a carbon border adjustment (CBA) mechanism will have to carefully consider the potential deterioration of the competitiveness of both products exported outside the EU and products along the downstream value chain (such as base chemicals, polymers or lubricants for the Refining sector), if the CBA mechanism would apply only to some selected sectors. Should it fail dealing satisfactorily with exports and downstream products, then separate measures will have to be developed. Providing a level playing field on foreign markets for products exported from European emission intensive industries is not only needed for supporting European industry but may also benefit global reduction efforts. This is valid for "standard" products that are made by emission efficient European plants with less emissions than their foreign counterparts, but in the future also for new "low carbon products" (for instance synthetic fuels, in particular jet-fuels) that have significantly lower emissions when used.

As the situation may be quite different for various sectors and even within one sector, we recommend that the possibility should be given to a sector or to a sub-sector representing a family of products to be included in a carbon border adjustment mechanism, at the choice of that sector or sub-sector.

A carbon border adjustment mechanism is intended to eventually replace current ETS carbon leakage measures. However, as the real impact on all economic actors is difficult to predict, we ask for a transition period in which the new mechanism is phased in and free allowances and compensation of indirect cost are phased out in a well-organized manner.

We hope that the discussions on carbon border adjustment will promote international dialogue and contribute to climate action by all major economic players, making itself unneeded after some time. The ultimate goal should be to include a cost for all GHG emissions, generated either in Europe or elsewhere, in the cost for all products and services globally.