

Reforming Border Carbon Adjustments: An African Response to the EU CBAM

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1. Introduction

The European Union's Carbon Border Adjustment Mechanism (**CBAM**) is potentially an effective tool in the decarbonisation of trade aimed at reducing global greenhouse gas (**GHG**) emissions.¹ On the other hand, its implementation is likely to result in heavy negative effects on African economies, especially those heavily reliant on the EU market for exports in the covered products. In this piece, building from the outcomes of the Remaking Trade Project, Nairobi workshop, hosted in Strathmore Law School, we explore the economic impacts on Africa of implementation of the EU CBAM, and thereafter, propose potential next steps for African countries in order to ensure that any response from African countries does not conflict with economies' development goals, and that African countries are able to leverage a more fair system of implementing border carbon adjustment mechanisms at the multilateral level.

2. The EU CBAM and its economic implications for Africa

The CBAM is part of the EU's target to reduce its net GHG emissions by 90% by 2040, as compared to their 1990 levels.² It aims to safeguard against carbon leakage, under the broader objective of reducing carbon emissions and global warming. Carbon leakage refers to the threat of EU-based companies moving carbon-intensive production overseas to countries that have less stringent climate policies, because of the costs of the EU's climate policies on production,

¹ African Climate Foundation and the London School of Economics Firoz Lalji Institute for Africa, *'Implications for African countries of a carbon border adjustment mechanism in the EU'*, 2023, vii.

² European Commission, *2040 climate target* <https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2040-climate-target_en#>; European Council, *Fit for 55*, 31 October 2022, available at <https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/>.

consumption and investment.³ CBAM is therefore developed as a system to ensure that a price has been paid for embedded carbon emissions generated in the production of certain imports to the EU,⁴ making the carbon price of imports equivalent to the cost of domestic production in the EU, in a bid to motivate foreign producers and EU importers to reduce their carbon emissions.⁵

To the extent that exporters to the EU have not already paid in equivalent terms for their carbon omissions domestically, the CBAM exposes exporters to higher costs of exportation to the EU. This exposure is dependent also on two factors: the amount of carbon emitted in production of the CBAM product as compared to the average EU producer, and the dependence of the country on exports to European markets. The overall impact of the CBAM therefore varies worldwide, with countries like Ukraine, Türkiye, China, Japan and Vietnam facing huge exposure.⁶ In Africa, the CBAM is likely to have a particularly heavy impact on specific countries, most notably Mozambique and Egypt. Mozambique exports an estimated 90-97% of the aluminium it produces to the EU. The country's aluminium industry emits 0.8 kilograms of carbon dioxide for every US dollar of exports, 7.4 times more than the average EU aluminium producer. As a result, the CBAM is likely to pose a major problem for Mozambique, with its excess carbon payments indicated to amount to 6% of the value of its aluminium exports worldwide.⁷ Similarly, Egypt faces the second largest CBAM impact in Africa, with iron and steel, aluminium and fertiliser exports likely to be heavily affected due to the country's reliance on natural gas and oil as energy sources.⁸ Other countries such as South Africa, with a heavy

³ EU Taxation and Customs Union, *Carbon Border Adjustment Mechanism* <https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en>; A Marcu, M Mehling, A Cosbey and A Maratou, 'Addressing carbon leakage in the EU: Making CBAM work in a portfolio of measures', ERCST, 2021 <https://ercst.org/wp-content/uploads/2021/12/2021120914_P2R4-v11.pdf>

⁴ EU Taxation and Customs Union, *Carbon Border Adjustment Mechanism*.

⁵ State of the Union Address by President von der Leyen at the European Parliament Plenary on 16 September 2020, available at [State of the Union Address by President von der Leyen](https://www.consilium.europa.eu/media/146614/en/statements-138227.html).

⁶ World Bank, *CBAM exposure indexes*, 2 July 2025 – <<https://www.worldbank.org/en/data/interactive/2023/06/15/relative-cbam-exposure-index#4>>.

⁷ Mambo F, 'Why CBAM matters for Mozambique's industrial future' International Growth Centre, 24 July 2025 – <<https://www.theigc.org/blogs/why-cbam-matters-mozambique>>; Mambo F, 'Mozambique's strategic responses to the implementation of CBAM', International Growth Centre, 18 September 2025 – <<https://www.theigc.org/blogs/mozambiques-strategic-responses-to-cbam>>; Maliszewska M, Chepeliev M, Fischer C and Jung E, 'How developing countries can measure exposure to the EU's carbon border adjustment mechanism', World Bank Blogs, 2 July 2025 – <<https://blogs.worldbank.org/en/trade/how-developing-countries-can-measure-exposure-eus-carbon-border-adjustment-mechanism>>.

⁸ International Monetary Fund, 'Arab Republic of Egypt: Selected issues', 15 July 2025 – <<https://www.elibrary.imf.org/view/journals/002/2025/187/article-A001-en.xml>>; Baker P, Beeharry T, Le L, Roy R and Quiles P, 'Designing an African response to carbon border adjustment mechanisms', African Economic Conference, 2022, 12-13 and 33-34 – <<https://www.tradeeconomics.com/wp-content/uploads/Designing-an-African-response-to-Carbon-Border-Adjustment-Mechanisms.pdf>>.

reliance on coal as an energy source, are also likely to be heavily exposed.

While current CBAM application only substantially impacts a limited number of African countries, the European Commission has made a proposal to expand CBAM from the original set of basic materials to around 180 downstream products, particularly focusing on steel- and aluminium-intensive goods.⁹ This extension to downstream products is likely to expand the scope of exposure to the CBAM, affecting more manufacturers, not just primary producers. Therefore, African countries with growing manufacturing sectors, which were not particularly exposed to the CBAM, would face higher levels of exposure under this expansion. This may pose a threat to African industrialisation, by making African manufacturing less competitive and discouraging investment in manufacturing. The complexity of emissions tracking and reporting throughout the supply chain also poses an administrative burden for smaller African manufacturers.

The disproportionate impact that CBAM is expected to have on African countries and exporters is attributed to two factors. First, in general, the highest proportion of African exports are destined to the EU.¹⁰ This is more the case for some countries than others. For example, an estimated 90-97% of aluminium produced in Mozambique is exported to the EU market. However, being generally true of the African economy, this means that the CBAM would naturally have a harder impact on the African market than on other markets less reliant on the EU.¹¹

Second, some African countries' exports to the EU tend to have a higher CO₂ emissions intensity relative to those of competing suppliers in the EU and other countries.¹² This picture is complex across Africa. Countries like South Africa, which is heavily reliant on coal-powered energy, and Egypt, which is reliant on natural gas and oil for energy, face higher embedded (scope 2) emissions in their industrial production. In contrast, countries such as Morocco and Kenya, which have put significant investment in renewable energy and hydropower, often have lower embedded emissions. These variations mean that the CBAM's impact with regard to scope 2 emissions will be differentiated. Therefore, while this factor is not applicable for all African countries, it still means that unilateral imposition of the CBAM is likely to impact such

⁹ European Commission, *Proposal for a regulation of the European Parliament and of the Council*, 17 December 2025 <https://eur-lex.europa.eu/resource.html?uri=cellar:a837cf93-db4d-11f0-8da2-01aa75ed71a1.0001.02/DOC_1&format=PDF>.

¹⁰ ACF and LSE, 'Implications for African countries', 14-15.

¹¹ ACF and LSE, 'Implications for African countries', 14-15.

¹² For other countries on the continent who have been harnessing renewable energy and hydro for their grid, they may have much lower embedded emissions than many European producers. See for example footnote 14 below.

economies that are reliant on carbon-intensive energy sources.¹³

However, CBAM also provides an opportunity for some Africa-based companies to think about how to use it as a commercial opportunity. Its application increases the cost of importing carbon-intensive goods into the EU, therefore, naturally, companies that can export low- or zero-carbon products to the EU will have an advantage over their higher-emitting competitors. Particularly for companies in countries with access to clean energy sources, such as Kenya with hydro-electric and geothermal power,¹⁴ and Morocco with solar and wind power,¹⁵ using CBAM compliance as a competitive advantage and selling point into the EU market, through demonstration of compliance and active marketing of “green steel” or “green aluminium” produced with renewable energy and lower emissions, transforms the CBAM from being a burden upon the company into a potential market advantage.¹⁶

3. Situating CBAM within the international climate regime

Unilateral border carbon adjustments (BCAs), such as the CBAM, are generally permissible instruments within the international climate change framework. Under the UNFCCC and the Paris Agreement, unilateral policies which are geared towards achieving the goal of abatement of CO₂ emission are permitted. Article 3.5 of the UNFCCC allows for unilateral measures, with the qualification that they should not constitute ‘a means of arbitrary or unjustifiable discrimination or disguised restrictions on international trade’.¹⁷

However, the Principle of Common but Differentiated Responsibility and Respective Capabilities (the **CBDRC Principle**) remains a key principle in the UN climate regime.¹⁸ The CBAM is applied on imports from all countries to the EU, except for countries applying the EU Emissions Trading System (ETS), or those that have in place a carbon pricing system

¹³ ACF and LSE, ‘Implications for African countries’, (ix) and 36; De Melo J and Solleder J, ‘The landscape of CO₂ emissions across Africa: A comparative perspective’ FERDI Working Paper Number P308, 2022, 27 <<https://www.econstor.eu/bitstream/10419/269587/1/ferdi-wp308.pdf>>.

¹⁴ Kenya Electricity Generating Company <<https://www.kengen.co.ke/our-business/energy-generation/>>.

¹⁵ Charifi R, *Renewable Energy in Morocco*, 22 February 2024 <<https://cms.law/en/int/expert-guides/cms-expert-guide-to-renewable-energy/morocco>>.

¹⁶ For example, Egypt’s Elmarakbysteel has emissions of 0.62 tons per ton of finished steel, compared to an average of 1.85 tons of CO₂ globally, which can be marketed and used as a competitive advantage. See <<https://gmh.center/en/posts/north-african-green-steel-will-soon-be-in-demand-in-the-eu-an-overview/>> and <<https://www.sustainable-ships.org/stories/2022/carbon-footprint-steel>>.

¹⁷ Article 3.5, *United Nations Framework Convention on Climate Change*, 9 May 1992.

¹⁸ Marin Duran G, ‘Carbon border adjustments: Ensuring compatibility with the international climate and trade regimes’ University College London, Research Paper No. 16, 2022, 2 <[ssrn_id4229220_code998418.pdf](https://ssrn.com/abstract=4229220)>. This principle requires that countries, in pursuing the common objective of mitigating and adapting to the effects of climate change, take into account the varying circumstances and respective capabilities of differently situated countries, such as developing countries, LDCs and small island developing countries.

that is fully linked to the EU ETS. This conception fails to take account of the different levels of development, historical emissions or current emissions by different countries. As a result, African countries such as Mozambique, Djibouti, Liberia and others, which have made minimal contributions to the climate change problem, are required to bear a heavy cost imposed by those who have large contributions to it, meaning that it applies equally to the US and Australia, whose populations emit around 15 tonnes of CO₂ per person every year, as to Mozambique, whose average citizen accounts for just 0.2 tonnes of CO₂ annually.¹⁹ As of 2024, per capita emissions in sub-Saharan Africa remain below one tonne per head, as compared to more than five tonnes in the EU.²⁰

It is telling that in the process of designing the CBAM, an exemption was considered for LDCs and vulnerable economies.²¹ The idea was however scrapped in favour of providing financial support to LDCs affected by the CBAM,²² for which concrete commitments are yet to be made.²³ Admittedly, the decision to differentiate between countries has faced significant challenges in the context of special and differential treatment at the WTO. Some have argued that it might be better to differentiate among firms, as opposed to countries, based on economic development.²⁴ The bottom line remains that, while acknowledging the complexities that come with designing the most appropriate metrics for differentiation, the blanket application to all countries falls short of the obligation to take into account the respective capabilities of differently situated countries.²⁵

Further, the recent ICJ Advisory Opinion on Obligations of States in respect of Climate Change clarified that Article 4 of the UNFCCC creates an obligation for State Parties to assist developing countries, particularly those who are vulnerable to the adverse effects of climate change, and in the context of capacity building and technical and financial support.²⁶ This may be understood to mean that the obligation extends to the context of BCAs, meaning that

¹⁹ Mitchell I and Cichocka B, *Transforming EU climate leadership through CBAM reform*, Centre for Global Development, September 2024, 2.

²⁰ Mitchell I and Cichocka B, *Transforming EU climate leadership through CBAM reform*, 2.

²¹ ACF and LSE, 'Implications for African countries', 5.

²² European Parliament, *CBAM: MEPs push for higher ambition in new carbon leakage instrument*, 17 May 2022 <[CBAM: MEPs push for higher ambition in new carbon leakage instrument | News | European Parliament](#)>.

²³ ACF and LSE, 'Implications for African countries', 5.

²⁴ International Institute for Sustainable Development, *Guidance on Border Carbon Adjustment: Results of the Global Stakeholder Dialogues*, July 2025 <<https://www.iisd.org/system/files/2025-07/border-carbon-adjustment-guidance.pdf>>.

²⁵ Cottier T, Espa I and Holzer K, *The EU CBAM Proposal, UNFCCC and the Paris Agreement*, 30 November 2022, 6; Marin Duran G, 'Carbon border adjustments' 14.

²⁶ International Court of Justice, *Advisory Opinion on the Obligations of States in respect of Climate Change*, 23 July 2025, para. 217.

developed countries, in undertaking such measures, still have the obligation to look to assist developing countries.

4. Charting an African response

With the definitive period having begun on 1 January 2026, CBAM could potentially reduce the African GDP by up to nearly 1%, translating to roughly USD 25 billion.²⁷ The countries most vulnerable to this effect are LDCs such as Djibouti, Liberia, Mauritania and particularly Mozambique, which has committed to reducing GHG emissions by 15-25% by 2030 as compared to 2020 under its Nationally Determined Contribution.²⁸ Importantly, while the countries bear the legal obligation to purchase CBAM certificates, it is the exporting companies that are impacted, with the burden of compliance and reporting costs, and the economic costs of purchasing the CBAM certificate. For countries like Mozambique, where a single company, Mozal, is the main aluminium producer and exporter, the economic impact of the CBAM becomes not merely about CBAM costs, but, in the event that exportation to the EU becomes economically unviable, what would the alternative market be and what would happen to the economic activity around exportation to the EU?

Another key point to note is that the EU may not be the only player in the border carbon tax game. The United Kingdom has confirmed that a UK CBAM will be introduced on 1 January 2027 and has begun to circulate its draft secondary legislation for technical consultation.²⁹ The United States has considered multiple legislative proposals, the most prominent of which are the 2025 Clean Competition Act, which would levy a tax of \$60 per metric ton of emissions on goods across selected US industries,³⁰ and the 2025 Foreign Pollution Fee Act, which applies a fee, as a percentage of the good's value, on imported goods whose manufacture results in more emissions than if they were manufactured in the US.³¹ Other countries, such as Canada and Japan, are similarly considering implementing their own border taxes.³²

To avoid the issues arising from the implementation of these measures, the true question

²⁷ Mitchell I and Cichocka B, *Transforming EU climate leadership through CBAM reform*, 2.

²⁸ Republic of Mozambique, Ministry of Agriculture Environment and Fisheries, *Mozambique's Provisional NDC 2026-2035* <https://unfccc.int/sites/default/files/2025-11/Mozambique%20ProvNDC_ENG.pdf>

²⁹ UK Government, *Open consultations on draft regulations: Carbon Border Adjustment Mechanism*, 10 February 2026 <[Draft regulations: Carbon Border Adjustment Mechanism \(CBAM\) - GOV.UK](#)>.

³⁰ Pomerleau S, *A new US carbon tax proposal: The 2025 Clean Competition Act*, American Action Forum, 17 December 2025 <[A New U.S. Carbon Tax Proposal: The 2025 Clean Competition Act - AAF](#)>.

³¹ Elizalde D and Fishman X, *Understanding the Foreign Pollution Fee Act of 2025*, Bipartisan Policy Centre, 12 November 2025 <<https://bipartisanpolicy.org/explainer/understanding-the-foreign-pollution-fee-act-of-2025/>>.

³² Baker P *et al*, 'Designing an African response to carbon border adjustment mechanisms', 3.

becomes, how can African countries, collectively or individually, respond to leverage a fairer way of implementing BCAs in a manner that does not compromise their economic goals?

While the CBAM definitive period began on 1 January 2026, CBAM certificate purchases will only begin in the second quarter of 2027. Even though the financial liability for embedded carbon is due from the beginning of the definitive period, this means that there is still time for African nations to prepare for, mitigate or challenge its impact.

Domestic carbon pricing to mitigate CBAM costs

One possibility that African countries may adopt is the use of carbon prices paid within the country. CBAM allows for the deduction of domestic carbon prices from the CBAM liability. This means that if a country has a carbon pricing system similar or linked to the EU's ETS, then the companies may have a meaningful deduction from the CBAM certificate costs, based on the payments they have made in their own countries.³³ This exception has not been applied for African countries thus far, because they either lack carbon pricing systems or, in the case of countries like South Africa, do not have a high enough carbon price that meaningfully offsets the CBAM liability.³⁴ Therefore, the opportunity is there for countries to explore and develop their own carbon-taxing arrangements, which are comparable to the ETS. This would allow them to gain deductions from the CBAM liability while fully retaining the revenue collected in the countries concerned.

It may also be worth exploring the potential of CBAM-like arrangements among the various Regional Economic Communities (RECs), or even under the AfCFTA as a whole. This arrangement may be made in the first instance specifically for affected goods being exported from the continent, and could then be expanded to cover all relevant exports both within the free trade area and with other trading partners. Either or both of these arrangements would pursue the policy objective of reducing carbon emissions from production in African countries, while simultaneously gaining deductions from liability under the EU CBAM and any other BCA-charging country, and ensuring that the revenues collected from these carbon taxes are

³³ Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130), art 2(6)(b).

³⁴ Gasealahwe B, Makrelov K and Ragavaloo S, *Carbon taxation in South Africa and the risks of carbon border adjustment mechanisms*, South African Reserve Bank Economic Notes, April 2024 <<https://www.resbank.co.za/content/dam/sarb/publications/occasional-bulletin-of-economic-notes/2024/carbon-taxation-in-south-africa-and-the-risks-of-carbon-border-adjustment-mechanisms-%20april-2024-01.pdf>>.

retained in the concerned country or within the African continent.

However, two issues arise from such proposals. Firstly, charging carbon taxes would mean higher costs of production for African producers, which may create similar economic issues or even a lack of viability for these producers in comparison to the CBAM's impact. It therefore may not be particularly useful to such companies unless accompanied by specific systems to mitigate this economic impact or assist with carbon-reductive technologies and techniques for the producers. Secondly, as stated, while only the EU has a fully in-place CBAM, other developed countries like the UK and the US are contemplating or implementing similar measures. With no single global carbon tax rate arrangement, there is a possibility that the rates levied by each of these countries may differ, making it difficult to implement a carbon-taxing arrangement that is comparable to each of these mechanisms and allows for deductions from all of them. Regardless of these concerns, this avenue remains a possible opportunity for African states to mitigate the impact of BCAs.

Ensuring equitable use of CBAM revenues

Our proposal on how to challenge the CBAM's impact is that there should be a collective effort to take up a common African negotiating position on the contentious issue of separating the revenue that the EU gains from the CBAM from the EU General Budget, and using it for climate action purposes and targeted financial support for developing countries and particularly LDCs.

A highly contentious point in the discussion of the CBAM is the use of the revenues raised by the EU. Currently, the EU has added new sources of income, including 75% of revenues from the sales of CBAM certificates, in order to finance COVID recovery loan repayments. Under this plan, in 2027, EU Member States will collect payments for CBAM certificates, which, according to estimates, would amount to a total of around 9 billion euros per year. Thereafter, from 2028 onwards, they will transfer 75% of the revenues to the EU budget each year and retain the remaining 25% for their own domestic use.³⁵ This plan has drawn much criticism due to the perception that the EU is using a climate measure to fund itself at the expense of other countries.³⁶

³⁵ Holzer K, *Reflections on the use of revenues from the EU CBAM*, Centre for Climate Change, Energy and Environmental Law, 22 May 2024 available at [Reflections on the Use of Revenues from the EU CBAM - The Centre for Climate Change, Energy and Environmental Law](#).

³⁶ Holzer K, *Reflections on the use of revenues from the EU CBAM*.

The question of how the CBAM revenue should be used is one that has been subject to intense scrutiny in various fora.³⁷ Undoubtedly, how the EU chooses to use revenue raised through their measures, including the CBAM, is ultimately up to them. Regardless of this, if the purpose of the CBAM is truly to induce carbon emission reductions, then it would be advantageous to use funds arising from the measure to further this goal.

Furthermore, the recent request for consultations by Russia regarding the CBAM offers an opportunity for a panel to provide more guidance, through interpretation and application of the GATT and especially Article XX, what necessity constitutes in the context of BCAs.³⁸ Under the ambit of contribution of the measure to the objective, the legal question could arise whether the CBAM revenue, if used to advance general EU goals and not necessarily to mitigate emissions, is truly a means to the goal of reducing global carbon emissions. Clarification on this issue by the panel would immensely benefit decision making on the use of revenues for the CBAM and future BCAs. However, importantly, the EU has declined Russia's request to enter into consultations,³⁹ which could potentially forestall the dispute resolution process.

In light of this debate, our recommendation is that African countries should take a common negotiating position to ensure that the revenues are separated from the EU General Budget and Member States' budgets. In line with the CBAM's climate policy purpose as an environmental measure, the revenues obtained should be earmarked for climate change mitigation and adaptation purposes, rather than being used as a financing mechanism for the EU. Therefore, African negotiating positions on the CBAM need to be centred around separating the CBAM revenue from the EU General Budget, and getting these revenues to be directed towards programs pursuing climate mitigation and adaptation initiatives, in fulfilment of the EU's obligations to climate finance under the Paris Agreement.⁴⁰

However, this may not be sufficient to offset the burden placed by the measure on developing countries and LDCs in Africa, and therefore would still entail a significant conflict with the

³⁷ IISD, *Guidance on Border Carbon Adjustment*, July 2025, 8-10; Holzer K, *Reflections on the use of revenues from the EU CBAM*. The usage of revenues raised by BCA regimes has been hotly debated, with different recommendations put forward for their use, with varying legal, economic and political implications. These recommendations include: recycling the revenues to affected foreign producers or countries; domestic use of the revenues by EU countries to reduce other taxes; using the revenues internationally for climate action among others.

³⁸ WTO, *Request for Consultations by the Russian Federation*, DS639/1, available at <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/G/L/1573.pdf&Open=True>.

³⁹ WTO, *Communication by the European Union*, DS639/2, available at <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/DS/639-2.pdf&Open=True>.

⁴⁰ Holzer K, *Reflections on the use of revenues from the EU CBAM*.

CBDRRC Principle.⁴¹ Moreover, CBAM is estimated to reduce African GDP by as much as three times the amount of EU aid to the continent once fully implemented.⁴² Therefore, another negotiating position to be adopted is for the direction of targeted financial support towards the poorer developing countries and LDCs which are most severely impacted by the CBAM,⁴³ and, for these purposes, those hardest impacted in Africa, anticipated to be Mozambique, Djibouti, Liberia, Mauritania, Togo, Gambia, Sierra Leone, Benin, Guinea, Senegal and the Central African Republic.⁴⁴ This can be achieved by building a system, through cooperation between the affected country and the CBAM-charging country, for directing some CBAM revenue towards the development and deployment of carbon-reducing technologies and production techniques for the producers and manufacturers in the affected developing countries and LDCs. This would accommodate the development priorities of these countries by supporting their decarbonisation campaigns, while also mitigating the negative economic effects of the CBAM.

An important question here is, in light of their sovereignty over their own revenues, why should the EU use CBAM revenues to support developing countries and LDCs in Africa? The answer to this lies in the EU's legal obligations under Article 4 of the UNFCCC. Article 4 places the duty upon developed countries, such as the EU, to provide financial resources needed by developing countries to meet the costs of implementing climate change mitigation and adaptation measures.⁴⁵ Further, parties are obliged to take full account of the specific needs and special situations of LDCs, such as Mozambique, in funding and technology transfer.⁴⁶ In addition, in implementing the commitments under the UNFCCC, parties are obliged to take into consideration the situation of parties, and particularly parties with economies highly dependent on income generated from fossil fuels and energy-intensive products,⁴⁷ a category that includes countries such as Mozambique. Therefore, Africa's negotiating position in this matter is not seeking a unilaterally granted privilege, but a fulfilment of the EU's legal obligation and a reflection of the intention that the parties had in 1992 to establish legally binding obligations.

On how this can be achieved, a common position should be taken through existing multilateral

⁴¹ Holzer K, *Reflections on the use of revenues from the EU CBAM*.

⁴² Mitchell I and Cichocka B, *Transforming EU climate leadership through CBAM reform*, 2.

⁴³ IISD, *Guidance on Border Carbon Adjustment*, 10; Holzer K, *Reflections on the use of revenues from the EU CBAM*.

⁴⁴ ACF and LSE, 'Implications for African countries', 36.

⁴⁵ Article 4.3, *United Nations Framework Convention on Climate Change*, 9 May 1992.

⁴⁶ Article 4.9, *United Nations Framework Convention on Climate Change*, 9 May 1992.

⁴⁷ Article 4.10, *United Nations Framework Convention on Climate Change*, 9 May 1992.

fora, particularly the Conference of the Parties (COP). The ICJ, in their Advisory Opinion, reasoned that COP decisions not only serve the purpose of interpreting the climate-related legal texts, but also developing those interpretations.⁴⁸ One possibility is for African countries to use the African Group of Negotiators on Climate Change as a vehicle for this collective voice at the COP. In serving this purpose, the COP is an opportunity for African countries to lobby and negotiate for their sustainability needs to be taken into account and supported through the CBAM revenues. There is also potential in coordination of African countries with other like-minded Global South countries and coalitions, such as the Brazil, South Africa, India and China bloc (BASIC countries), in pushing for such reform to the application of the CBAM. In this regard, the countries should push for financial support and capacity-building that empowers individual firms, and particularly the most affected firms, to take proactive measures. This involves the revenues being used to support companies in reducing production emissions and obtaining verification of clean production methods. This would help the firms to implement decarbonisation strategies and document environmental performance, which are crucial for actual decarbonisation efforts.

If the CBAM is truly created as a mechanism to compel reduction of carbon emissions, then this aim should be pursued with all intent and in all aspects.

⁴⁸ International Court of Justice, *Advisory Opinion on the Obligations of States in respect of Climate Change*, 23 July 2025, para. 218.