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CARBON BORDER ADJUSTMENT MECHANISM: CHALLENGES AND OPPORTUNITIES IN SHAPING GLOBAL STEEL INDUSTRY POLICIES

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Abstract

The steel industry is a major global source of carbon emissions. The European Union's enforcement of the Carbon Border Adjustment Mechanism presents considerable obstacles to the industry's international activities. This study employs a comparative analysis combined with a difference-in-differences approach to thoroughly assess how steel industry policies in developed countries (the United States and Japan) and developing countries (India and China) have reacted and adapted following the enactment of the CBAM. The results demonstrate that developed countries concentrate their steel industry policy on preserving their competitive advantages. Conversely, developing countries prioritize the advancement of sustainable growth within their steel industry and the diversification of their markets. This paper not only shows the strategy decisions that different countries made under the CBAM, but it also gives useful policy examples for how the global steel industry should handle the climate.

Key words: carbon emission, CBAM, steel industry policy

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