Starting in 2021, the linear factor shall be 2.2%.

Starting in 2021, the linear factor shall be 2.2% and shall be kept under review with a view to increasing it to 2.4% by 2024 at the earliest.
(3) The European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with an annual reduction factor of 2.2% from 2021 onwards, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

(3) A well-functioning, reformed EU ETS with an enhanced instrument to stabilise the market will be the main European instruments to achieve this target, with an annual reduction factor of 2.2% from 2021 onwards, free allocation not expiring but measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies. The auction share should be expressed as a percentage figure in the legislation, which should decline on application of a cross-sectoral correction factor to enhance planning certainty as regards investment decisions, to increase transparency, to render the overall system simpler and more easily understandable, and to protect those sectors most at risk of carbon leakage from a cross-sectoral correction factor. Those provisions should be kept under review in line with the Paris Agreement and adjusted accordingly if necessary to fulfil the Union’s climate obligations pursuant to that agreement.

Or. en
Amendment 144
Ivo Belet, Esther de Lange, Peter Liese, Krišjānis Kariņš
on behalf of the PPE Group

Report
Ian Duncan
Cost-effective emission reductions and low-carbon investments

Proposal for a directive
Article 1 – point 6
Directive 2003/87/EC
Article 10b – paragraphs 1 a (new)

Text proposed by the Commission

(1ba) Following up to Article 6(2) of the Paris Agreement, the European Commission shall assess in its report, to be prepared in accordance with Article 28aa, the development of climate mitigation policies, including market-based approaches, in third countries and regions and the effect of these policies on the competitiveness of European industry.

(1bb) If this report concludes that a significant risk of carbon leakage remains, the Commission shall, if appropriate, come forward with a legislative proposal introducing a carbon border adjustment, fully compatible with WTO rules, based on a feasibility study to be initiated at the publication of this Directive in the OJ. This mechanism would include in the EU ETS importers of products which are produced by the sectors or sub-sectors determined in accordance with Article 10a.