REPORT

on the proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (COM(2016)0482 – C8-0331/2016 – 2016/0231(COD))

Committee on the Environment, Public Health and Food Safety

Rapporteur: Gerben-Jan Gerbrandy
Symbols for procedures

* Consultation procedure  
*** Consent procedure  
***I Ordinary legislative procedure (first reading)  
***II Ordinary legislative procedure (second reading)  
***III Ordinary legislative procedure (third reading)  

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in **bold italics** in the left-hand column. Replacements are indicated in **bold italics** in both columns. New text is indicated in **bold italics** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in **bold italics**. Deletions are indicated using either the ** symbol or strikeout. Replacements are indicated by highlighting the new text in **bold italics** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.
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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on
binding annual greenhouse gas emission reductions by Member States from 2021 to
2030 for a resilient Energy Union and to meet commitments under the Paris Agreement
and amending Regulation No 525/2013 of the European Parliament and the Council on a
mechanism for monitoring and reporting greenhouse gas emissions and other
information relevant to climate change
(COM(2016)0482 – C8-0331/2016 – 2016/0231(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council
  (COM(2016)0482),

– having regard to Article 294(2) and Article 192(1) of the Treaty on the Functioning of
  the European Union, pursuant to which the Commission submitted the proposal to
  Parliament (C8-0331/2016),

– having regard to the opinion of the European Economic and Social Committee of 14
  December 2016¹,

– having regard to the opinion of the Committee of the Regions of 22 March 2017²,

– having regard to Rule 59 of its Rules of Procedure,

– having regard to the report of the Committee on the Environment, Public Health and
  Food Safety and the opinions of the Committee on Industry, Research and Energy, the
  Committee on Transport and Tourism and the Committee on Agriculture and Rural
  Development (A8-0208/2017),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces,
   substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the
   national parliaments.

¹ OJ C 75, 10.3.2017, p. 103–108.
² Not yet published in the Official Journal.
Amendment 1
Proposal for a regulation
Title

Text proposed by the Commission
Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (Text with EEA relevance)

Amendment
Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on climate action to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change ("Climate Action Regulation implementing the Paris Agreement") (Text with EEA relevance)

Justification
New title to better reflect the content of the Regulation.

Amendment 2
Proposal for a regulation
Citation 1 a (new)

Text proposed by the Commission
Having regard to Protocol (No 1) of the Treaty on the Functioning of the European Union on the role of national parliaments in the European Union,

Amendment

Amendment 3
Proposal for a regulation
Citation 1 b (new)

Text proposed by the Commission
Having regard to Protocol (No 2) of the Treaty on the Functioning of the
European Union on the application of the principles of subsidiarity and proportionality,

Amendment 4
Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris agreement. This legislative proposal forms part of the implementation of the EU’s commitment in the Paris agreement. The Union’s commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Amendment

(3) The Council ratified the Paris Agreement on 5 October 2016, following the consent that was given by the European Parliament on 4 October 2016. The Paris Agreement entered into force on 4 November 2016 and aims, under Article 2 thereof, "to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by: (a) Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1,5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.'

The Paris Agreement also requires its parties to take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases, including forests.

This legislative proposal forms part of the implementation of the EU’s commitment in the Paris agreement. The Union’s commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the
Amendment 5
Proposal for a regulation
Recital 4

*Text proposed by the Commission*

(4) The Paris Agreement replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020.

*Amendment*

(4) The Paris Agreement replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020. The Green Investment Schemes linked to the Kyoto Protocol, which provide financial support for emission reduction projects in lower-income Member States, will therefore also be discontinued.

Amendment 6
Proposal for a regulation
Recital 4 a (new)

*Text proposed by the Commission*

(4 a) The Environment Council meeting on 21 October 2009 supported a Union objective, in the context of necessary reductions according to the Intergovernmental Panel on Climate Change (IPCC) by developed countries as a group, to reduce emissions by 80 to 95% by 2050 compared to 1990.

Amendment 7
Proposal for a regulation
Recital 5

*Text proposed by the Commission*

(5) The transition to clean energy requires changes in investment behaviour and incentives across the entire policy spectrum. It is a key Union priority to establish a resilient Energy Union to

*Amendment*

(5) The transition to clean energy and the bio-economy requires changes in investment behaviour across the entire policy spectrum and incentives for small and medium-sized enterprises (SMEs)
provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with this Regulation and progress on the other aspects of Energy Union as set out in the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy.\textsuperscript{16}

\textsuperscript{16} COM(2015)80

\section*{Amendment 8}

\subsection*{Proposal for a regulation}

\subsection*{Recital 9}

\textit{Text proposed by the Commission}

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council\textsuperscript{19} should be continued from 2021 to 2030, with the start of the trajectory calculation in 2020 on the average of the greenhouse gas emissions during 2016 to 2018 and the end of the trajectory being the 2030 limit for each Member State. An adjustment to the allocation in 2021 is provided for Member States with both a positive limit under Decision 406/2009/EC and increasing annual emission allocations between 2017 and 2020 determined pursuant to Decisions 2013/162/EU and 2013/634/EU, to reflect the capacity for increased emissions in those years. The European Council concluded that the availability and use of existing flexibility instruments within the non-ETS sectors should be significantly enhanced in order to ensure cost-efficient action and to support Member States with less capital and small farms to adapt their business models. It is a key Union priority to establish a resilient Energy Union which prioritises energy efficiency and aims to provide secure, sustainable and affordable energy to its citizens as well as applying stringent sustainability and emission-reduction policies to the use of bio-based resources to replace fossil resources. Achieving this requires continuation of ambitious climate action with this Regulation and progress on the other aspects of Energy Union as set out in the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy.\textsuperscript{16}

\textsuperscript{16} COM(2015)80

\textit{Amendment}

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council\textsuperscript{19} should be continued from 2021 to 2030, with the start of the trajectory calculation in 2018 on the average of the greenhouse gas emissions during 2016 to 2018, or value of the 2020 annual emission allocation, whichever value is lower, and the end of the trajectory being the 2030 limit for each Member State. In order to reward early action and to support Member States with a lower capacity to invest, Member States with a GDP per capita below the EU average, that have during 2013 to 2020 lower emissions than their annual emission allocations for the period from 2013 to 2020 provided under Decision 406/2009/EC, may, under certain conditions, request additional allocations from a reserve. A supplementary
effectiveness of the collective Union effort and convergence of emissions per capita by 2030.

adjustment to the allocation in 2021 is provided for Member States with both a positive limit under Decision 406/2009/EC and increasing annual emission allocations between 2017 and 2020 determined pursuant to Decisions 2013/162/EU and 2013/634/EU, to reflect the capacity for increased emissions in those years. The European Council concluded that the availability and use of existing flexibility instruments within the non-ETS sectors should be significantly enhanced in order to ensure cost-effectiveness of the collective Union effort and convergence of emissions per capita by 2030.


Amendment 9
Proposal for a regulation
Recital 9 a (new)

\textit{Text proposed by the Commission}

\begin{quote}
\textbf{(9 a) In order to set the Union on track to a low-carbon economy, this Regulation provides for a long-term emission reductions trajectory to reduce from 2031 the greenhouse gas emissions covered by this Regulation. The Regulation also contributes to the aim of the Paris Agreement to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.}
\end{quote}

Amendment 10
Proposal for a regulation
Recital 10 a (new)
Text proposed by the Commission

(10a) In order to preserve full efficiency of the market stability reserve established by Decision (EU) 2015/1814 of the European Parliament and the Council, the cancellation of allowances as the result of the use of the flexibility laid down in this Regulation following the reduction of EU ETS allowances should not be taken into account as allowances that have been cancelled in accordance with Directive 2003/87/EC when determining, under Decision (EU) 2015/1814, the total number of allowances in circulation in a given year pursuant to that Decision.

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Amendment 11

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) A range of Union measures enhance Member States’ ability to meet their climate commitments and are crucial to achieving necessary emission reductions in the sectors covered by this Regulation. These include legislation on fluorinated greenhouse gases, CO2-reductions from road vehicles, energy performance of buildings, renewables, energy efficiency and the Circular Economy, as well as Union funding instruments for climate-related investments.

Amendment

(11) A range of Union measures enhance Member States’ ability to meet their climate commitments and are crucial to achieving necessary emission reductions in the sectors covered by this Regulation. These include legislation on fluorinated greenhouse gases, CO2-reductions from road vehicles, improvements in the energy performance of buildings, an increase in renewables, greater energy efficiency and promotion of the Circular Economy, as well as Union funding instruments for climate-related investments.
Amendment 12
Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

(11a) In order to achieve those emissions reductions and in an effort to maximise the role of the agriculture sector, it is important that Member States promote innovative mitigation actions with the greatest potential, including: conversion of arable to permanent grassland; management of hedges, buffer strips and trees on agricultural land; new agroforestry and woodland planting schemes; prevention of tree removal and deforestation; low or no till and use of cover/catch crops and crop residues on land; carbon auditing and soil/nutrient management plans; improved nitrogen efficiency and nitrification inhibition; wetland/peat land restoration and conservation; and enhanced livestock breeding, feeding and management methods for lower emissions.

Amendment 13
Proposal for a regulation
Recital 11 b (new)

Text proposed by the Commission

(11b) This Regulation, including the available flexibilities, provides an incentive for emission reductions consistent with other Union legal acts on climate and energy for sectors that are covered by this Regulation, including in the area of energy efficiency. Given that over 75 % of the greenhouse gas emissions are energy-related, increased efficiency of energy use and energy savings will play an important role in delivering such emissions reductions. Ambitious energy efficiency policies are
therefore key not only for higher fossil fuel import savings ensuring energy security and lower consumer bills, but also for an increased uptake of energy-saving technologies in buildings, industry and transport, the strengthening of economic competitiveness, local job creation as well as improving health conditions and tackling energy poverty. Paying for themselves over time, measures taken in sectors covered by this Regulation are a cost-effective way of helping Member States achieve their targets under this Regulation. Accordingly, when translating this Regulation into national policies, it is important that Member States pay particular attention to the specific and different potentials for energy efficiency improvements and investments across sectors.

Amendment 14
Proposal for a regulation
Recital 11 c (new)

Text proposed by the Commission

Amendment

(11c) The transport sector is not only a major greenhouse gas emitter but has also been the fastest growing sector in energy consumption since 1990. It is important, therefore, that further efforts are made by the Commission and the Member States to improve energy efficiency, foster a shift to sustainable transport modes and reduce the sector’s high carbon dependency. The decarbonisation of the energy mix by promoting low emission energy for transport, for example by sustainable biofuels and electric vehicles, will contribute to the CO2 emission reduction target, in line with the goals of the Paris Agreement. That could be facilitated by ensuring that the sector has a clear and long-term framework to provide certainty and upon which to base investments.
**Amendment 15**

Proposal for a regulation  
Recital 11 d (new)

*Text proposed by the Commission*

(11d) *The impact of energy and sectorial policies on the Union and national climate commitments should be assessed with common quantified methods, so that their impacts are transparent and verifiable.*

**Amendment 16**

Proposal for a regulation  
Recital 12

*Text proposed by the Commission*

(12) Regulation [...] [on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework] lays down accounting rules on greenhouse gas emissions and removals relating to land use, land-use change and forestry (LULUCF). While the environmental outcome under this Regulation in terms of the levels of greenhouse gas emission reductions that are made is affected by taking into account a quantity up to the sum of total net removals and total net emissions from deforested land, afforested land, managed cropland and managed grassland as defined in Regulation [...], flexibility for a maximum quantity of 280 million tonnes of CO2 equivalent of these removals divided among Member States according to the figures in Annex III should be included as an additional possibility for Member States to meet their commitments when needed. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the power to adopt acts in......
accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Article 7 to reflect a contribution of the accounting category managed forest land in the flexibility provided by that Article. Before adopting such a delegated act, the Commission should evaluate the robustness of accounting for managed forest land based on available data, and in particular the consistency of projected and actual harvesting rates. In addition, the possibility to voluntarily delete annual emission allocation units should be allowed under this Regulation in order to allow for such amounts to be taken into account when assessing Member States’ compliance with requirements under Regulation [ ].

Amendment 17
Proposal for a regulation
Recital 12 a (new)

Text proposed by the Commission

(12a) Achieving, in a mutually coherent manner, the multiple Union objectives linked to the agricultural sector, including climate mitigation and adaptation, air quality, the conservation of biodiversity and ecosystem services and support for rural economies, will require changes in investment and incentives, supported by Union measures, such as the CAP. It is vital that this Regulation take into account the objective of contributing to the objectives of the Union Forest Strategy to promote a competitive and sustainable supply of wood for the Union bio-economy, the Member States’ national forest policies, the Union Biodiversity Strategy and the Union Circular Economy Strategy.
(13) In order to ensure efficient, transparent and cost-effective reporting and verification of greenhouse gas emissions and of other information necessary to assess progress with Member State’s annual emissions allocations, the requirements for annual reporting and evaluation under this Regulation are integrated with the relevant Articles under Regulation (EU) No. 525/2013, which should therefore be amended accordingly. The amendment of that Regulation should also ensure that progress of Member States in making emission reductions continues to be evaluated annually, taking into account progress in Union policies and measures and information from Member States. Every two years, the evaluation should include the projected progress of the Union towards meeting its reduction commitments and of Member States towards fulfilling their obligations. However, the application of deductions should only be considered at five-year intervals, so that the potential contribution from deforested land, afforested land, managed cropland and managed grassland taking place pursuant to Regulation [ ] can be considered. This is without prejudice to the duty of the Commission to ensure compliance with the obligations of Member States resulting from this Regulation or to the power of the Commission to initiate infringement proceedings for this purpose.

Amendment 19

Proposal for a regulation
Recital 13 a (new)
As the sectors covered by this Regulation constitute more than half of the Union’s greenhouse gas emissions, the emission reduction policies in these sectors are highly important in order to fulfil the Union's commitments in accordance with the Paris Agreement. Therefore, the monitoring, reporting and follow up procedures under this Regulation should be fully transparent. Member States and the Commission should make the information concerning compliance with this Regulation publicly available and should ensure the proper involvement of the stakeholders and the public in the review process of this Regulation. The Commission is also urged to create an efficient and transparent system to monitor the outcome of the flexibilities introduced.

Amendment 20
Proposal for a regulation
Recital 14

As a means to enhance the overall cost-effectiveness of total reductions, Member States should be able to transfer part of their annual emission allocations to other Member States. The transparency of such transfers should be ensured and may be carried out in a manner that is mutually convenient, including by means of auctioning, the use of market intermediaries acting on an agency basis, or by way of bilateral agreements.

Amendment 21
Proposal for a regulation
Recital 15

As a means to enhance the overall cost-effectiveness of total reductions, Member States should be able to bank or borrow part of their annual emission allocations. Member States should also be able to transfer part of their annual emission allocations to other Member States. The transparency of such transfers should be ensured and may be carried out in a manner that is mutually convenient, including by means of auctioning, the use of market intermediaries acting on an agency basis, or by way of bilateral agreements.
Text proposed by the Commission

(15) The European Environment Agency aims to support sustainable development and to help achieve significant and measurable improvement in Europe’s environment by providing timely, targeted, relevant and reliable information to policymakers, public institutions and the public. The European Environment Agency should assist the Commission, as appropriate in accordance with its annual work programme.

Amendment

(15) The European Environment Agency aims to support sustainable development and to help achieve significant and measurable improvement in Europe’s environment by providing timely, targeted, relevant and reliable information to policymakers, public institutions and the public. The European Environment Agency should assist the Commission, as appropriate in accordance with its annual work programme and contribute directly and effectively to coping with climate change.

Amendment 22

Proposal for a regulation

Recital 17

Text proposed by the Commission

(17) In order to ensure uniform conditions for the implementation of Article 4 according to which annual emission limits for Member States will be established, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council\(^\text{21}\).

Amendment

(17) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of supplementing this Directive by determining the annual emission allocations for Member States.

Amendment 23
Proposal for a regulation
Recital 19 a (new)

Text proposed by the Commission

(19a) In addition to the efforts to reduce its own emissions, it is important that the Union, in line with the aim of increasing its positive impact on the global carbon handprint, envisage, together with third countries, climate solutions by implementing joint projects with those countries, in the 2030 climate policy context, taking into account that the Paris Agreement refers to a new international cooperation mechanism for combating climate change.

Amendment

Amendment 24
Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter in order to assess its overall functioning. The review should take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement.

Amendment

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter in order to assess its overall functioning. The review should take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement.

To comply with the Paris Agreement it is necessary that the Union makes progressively stronger efforts and submits every five years a contribution reflecting its highest possible ambition.

The review should therefore take into account the Union’s objective to reduce economy-wide greenhouse gas emissions by 80 to 95% by 2050 compared to the 1990 levels and the aim of the Paris Agreement of achieving a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of
this century. It should be based on best available science and should rely on a preparatory report by the European Environment Agency.

The review of the emission reductions of Member States for the period from 2031 should take into account the principles of fairness and cost-effectiveness.

Amendment 25

Proposal for a regulation
Article 1 – paragraph 1

Text proposed by the Commission

This Regulation lays down obligations on the minimum contributions of Member States to meeting the greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030, rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions.

Amendment

This Regulation lays down obligations on the minimum contributions of Member States to meeting the greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030, rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions. It requires Member States to reduce the greenhouse gas emissions referred to in Article 2 in order to meet the Union target of a reduction of at least 30% by 2030 compared to 2005 in a fair and cost-effective manner.

Amendment 26

Proposal for a regulation
Article 1 – paragraph 1 a (new)

Text proposed by the Commission

The general objective of this Regulation is to set the Union on track to a low-carbon economy through the establishment of a predictable long-term pathway to reducing by 2050 the greenhouse gas emissions of the Union by 80 to 95% compared to 1990 levels.

Amendment

The general objective of this Regulation is to set the Union on track to a low-carbon economy through the establishment of a predictable long-term pathway to reducing by 2050 the greenhouse gas emissions of the Union by 80 to 95% compared to 1990 levels.
Proposal for a regulation
Article 2 – paragraph 3

Text proposed by the Commission

3. For the purposes of this Regulation, CO2 emissions from IPCC source category '1.A.3.A civil aviation' shall be treated as zero.

Amendment

3. For the purposes of this Regulation, CO2 emissions from IPCC source category '1.A.3.A civil aviation' covered by the Directive 2003/87/EC shall be treated as zero.

Amendment 28

Proposal for a regulation
Article 2 – paragraph 3 a (new)

Text proposed by the Commission

3 a. This Regulation applies to CO2 emissions from IPCC source category '1.A.3.D navigation' which are not covered by Directive 2003/87/EC.

Justification

Shipping emissions should be covered under this Regulation unless they are included in the ETS.

Amendment 29

Proposal for a regulation
Article 4

Text proposed by the Commission

Annual emission levels for the period from 2021 to 2030

1. Each Member State shall, in 2030, limit its greenhouse gas emissions at least by the percentage set for that Member State in Annex I to this Regulation in relation to its emissions in 2005 determined pursuant to paragraph 3.

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into

Amendment

Article 4

Annual emission levels for the period from 2021 to 2030

1. Each Member State shall, by 2030, limit its greenhouse gas emissions at least by the percentage set for that Member State in Annex I to this Regulation in relation to its emissions in 2005 determined pursuant to paragraph 3.

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into
account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in 2020 on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3 and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

3. The Commission shall adopt an implementing act setting out the annual emission allocations for the years from 2021 to 2030 in terms of tonnes of CO2 equivalent as specified in paragraphs 1 and 2. For the purposes of this implementing act, the Commission shall carry out a comprehensive review of the most recent national inventory data for the years 2005 and 2016 to 2018 submitted by Member States pursuant to Article 7 of Regulation No (EU) 525/2013.

4. This implementing act shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all Member States’ quantities were to exceed the collective total of 100 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.

5. This implementing act shall be adopted in accordance with the examination procedure referred to in Article 13.

account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in 2018 either on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3 or on the 2020 annual emission allocation determined in accordance with Article 3(2) and Article 10 of Decision 406/2009/EC, whichever is lower, and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

3. The Commission shall adopt delegated acts in accordance with Article 12 to supplement this Regulation by setting out the annual emission allocations for the years from 2021 to 2030 in terms of tonnes of CO2 equivalent as specified in paragraphs 1 and 2. For the purposes of those delegated acts, the Commission shall carry out a comprehensive review of the most recent national inventory data for the years 2005 and 2016 to 2018 submitted by Member States pursuant to Article 7 of Regulation No (EU) 525/2013.

4. This delegated act shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all Member States’ quantities were to exceed the collective total of 100 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.
Justification

Text aligned to delegated act.

Amendment 30

Proposal for a regulation
Article 4 a (new)

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Unless decided otherwise in the first or one of the subsequent reviews referred to in Article 14(2), each Member State shall, for each year from 2031 to 2050, continue to reduce the greenhouse gas emissions covered by this Regulation. Each Member State shall ensure that its greenhouse gas emissions in each year between 2031 and 2050 do not exceed the level defined by a linear trajectory, starting from its annual emission allocations for 2030 and ending in 2050 on a level of emissions that is 80% below the 2005 level for that Member State.

The Commission shall adopt delegated acts in accordance with Article 12 to supplement this Regulation by specifying the annual emission allocations for the years from 2031 to 2050 in terms of tonnes of CO₂ equivalent.

Justification

Text aligned to delegated act.

Amendment 31

Proposal for a regulation
Article 5

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1. Member States may use the flexibilities set out in paragraphs 2 to 6 of this Article, and in Articles 6 and 7.

2. In respect of the years 2021 to 2029, a Member State may borrow a quantity of up to 5% from its annual emission allocation for the following year.

3. A Member State whose greenhouse gas emissions for a given year are below its annual emission allocation for that year, taking into account the use of flexibilities pursuant to this Article and Article 6, may bank that excess part of its annual emission allocation to subsequent years until 2030.

4. A Member State may transfer up to 5% of its annual emission allocation for a given year to other Member States. The receiving Member State may use this quantity for compliance under Article 9 for the given year or for subsequent years until 2030.

5. A Member State may transfer the part of its annual emission allocation for a given year that exceeds its greenhouse gas emissions for that year, taking into account the use of flexibilities pursuant to paragraphs 2 to 4 and Article 6, to other Member States. A receiving Member State may use this quantity for compliance under Article 9 for that year or subsequently until 2030.
5 a. A Member State shall not transfer any part of its annual emission allocation if, at the time of transfer, that Member State's emissions exceed its annual emission allocation.

6. Member States shall be able to use credits from projects issued pursuant to Article 24a (1) of Directive 2003/87/EC for compliance under Article 9, without any quantitative limit and while avoiding double-counting. **Member States may encourage the establishment of private-private and public-private partnerships for such projects.**

**Amendment 32**

Proposal for a regulation
Article 6 – paragraph 3 a (new)

*Text proposed by the Commission*

3 a. Access to the flexibility set out in this Article and Annex II shall be granted on condition that the Member States concerned commit to taking measures in other sectors where insufficient results have been achieved in the past. The Commission shall supplement this Directive by adopting a delegated act in accordance with Article 12 setting out a list of such measures and sectors by 31 December 2019.

**Amendment 33**

Proposal for a regulation
Article 7 – title

*Text proposed by the Commission*

Additional use of up to 280 million net removals from **deforested land, afforested land, managed cropland and managed grassland**

*Amendment*

Additional use of up to 190 million net removals from **land use, land use change and forestry**
Amendment 34

Proposal for a regulation

Article 7 – paragraph 1

Text proposed by the Commission

1. To the extent that a Member State's emissions exceed its annual emission allocations for a given year, a quantity up to the sum of total net removals and total net emissions from the combined accounting categories of deforested land, afforested land, managed cropland and managed grassland referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:

(a) the cumulative quantity taken into account for that Member State for all years of the period from 2021 to 2030 does not exceed the level set in Annex III for that Member State;

(b) such quantity is in excess of that Member State's requirements under Article 4 of Regulation [ ] [LULUCF];

(c) the Member State has not acquired managed wetland where applicable, and, subject to the delegated act adopted pursuant to paragraph 2, managed forest land, referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:

(a) the cumulative quantity taken into account for that Member State for all years of the period from 2021 to 2030 does not exceed the level set in Annex III for that Member State;

(b) such quantity is demonstrated to be in excess of that Member State's requirements under Article 4 of Regulation [ ] [LULUCF] during the five year periods set out in in Article 12 of Regulation [ ] [LULUCF];

(c) the Member State has not acquired...
more net removals under Regulation [LULUCF] from other Member States than it has transferred; and
(d) the Member State has complied with the requirements of Regulation [LULUCF].

The Commission may issue opinions on the action plans submitted by Member States in accordance with point (-a).

Amendment 35
Proposal for a regulation
Article 7 – paragraph 2

Text proposed by the Commission

2. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the Commission shall be empowered to adopt a delegated act to modify paragraph 1 of this Article in order to reflect a contribution of the accounting category managed forest land in accordance with Article 12 of this Regulation.

Amendment

2. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the Commission shall be empowered to adopt a delegated act to modify paragraph 1 of this Article and the accounting categories in Annex III in order to reflect a balanced contribution of the accounting category managed forest land in accordance with Article 12 of this Regulation without exceeding the total amount of 190 million available under Article 7 of this Regulation.

Amendment 36
Proposal for a regulation
Article 9 – paragraph 1

Text proposed by the Commission

1. In 2027 and 2032, if the reviewed greenhouse gas emissions of a Member State exceed its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

Amendment

1. Every two years the Commission shall carry out a check of Member States’ compliance with this Regulation. If the reviewed greenhouse gas emissions of a Member State exceed its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures
(a) an addition to the Member State’s emission figure of the following year equal to the amount in tonnes of CO2 equivalent of the excess greenhouse gas emissions, multiplied by a factor of 1.08, in accordance with the measures adopted pursuant to Article 11; and

(b) the Member State shall be temporarily prohibited from transferring any part of its annual emission allocation to another Member State until it is in compliance with this Regulation. The Central Administrator shall implement this prohibition in the registry referred in Article 11.

Amendment 37

Proposal for a regulation
Article 9 a (new)

Text proposed by the Commission

Amendment

Article 9 a

Early action reserve

1. In order to take into account early action before 2020, a quantity not exceeding a total sum of 70 million tonnes in annual emission allocations in the period 2026 to 2030 shall, upon request of a Member State, be taken into account for that Member State’s compliance for the purposes of the last compliance check under Article 9 of this Regulation provided that:

(a) its total annual emission allocations for the period 2013 to 2020 determined in accordance with Article 3(2) and Article 10 of Decision 406/2009/EC exceed its total annual verified greenhouse gas emissions for the period 2013 to 2020;

(b) its GDP per capita at market prices in 2013 is below the EU average;
(c) it has used to the maximum extent the flexibilities referred to in Articles 6 and 7 to the levels set in Annexes II and III;

(d) it has used to the maximum extent the flexibilities referred to in Article 5(2) and (3) and it has not transferred emission allocations to another Member State pursuant to Article 5(4) and (5); and

(e) the Union as a whole meets its target referred to in Article 1(1).

2. The maximum share of a Member State of the total sum referred to in paragraph 1 that can be taken into account for compliance is established by the ratio of, on the one hand, the difference between its total annual emission allocations for the period 2013 to 2020 and its total verified annual greenhouse gas emissions in the same period, and, on the other, the difference between the total annual emission allocations for the period 2013 to 2020 of all the Member States fulfilling the criterion in point (b) of paragraph 1 and the total verified annual greenhouse gas emissions of those Member States in the same period.

The annual emission allocations and the verified annual emissions shall be determined pursuant to paragraph 3.

3. The Commission shall adopt delegated acts in accordance with Article 12 to supplement this Regulation by setting the maximum shares for each Member State in terms of tonnes of CO₂ equivalent pursuant to paragraphs 1 and 2. For the purpose of those delegated acts, the Commission shall use the annual emission allocations determined in accordance with Article 3(2) and Article 10 of Decision 406/2009/EC and the reviewed inventory data for the years 2013 to 2020 pursuant to Regulation No (EU) 525/2013.
Justification

The allocation rules proposed by the Commission may not sufficiently recognise the early action of some Member States before 2020. This is in particular challenging for Member States with a lower than average GDP per capita, reflecting a lower capacity to invest. The proposed early action reserve rewards early action and allows Member States to use additional allocations for compliance, in case other flexibilities are not sufficient. The relative amount of additional allocations available to a Member State should depend on the degree of overachievement of its 2020 target.

Amendment 38

Proposal for a regulation
Article 10 – paragraph 2

Text proposed by the Commission

2. The amount contained in Annex IV to this Regulation shall be added to the allocation for the year 2021 for each Member State referred to in that Annex.

Amendment

2. The amount contained in Annex IV to this Regulation, representing a total sum of 39,14 million tonnes of CO2 equivalent for all Member States, shall be added to the allocation for the year 2021 for each Member State referred to in that Annex.

Amendment 39

Proposal for a regulation
Article 11 – title

Text proposed by the Commission

Registry

Amendment

European Register

Amendment 40

Proposal for a regulation
Article 11 – paragraph 1

Text proposed by the Commission

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013, including annual emission allocations, flexibilities exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central

Amendment

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013. The Commission shall, for that purpose, adopt a delegated act in accordance with Article 12 to supplement this Regulation, concerning in particular annual emission allocations, flexibilities
Administrator shall conduct an automated check on each transaction under this Regulation and, where necessary, block transactions to ensure there are no irregularities. This information shall be accessible to the public.

exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central Administrator shall conduct an automated check on each transaction under this Regulation and, where necessary, block transactions to ensure there are no irregularities. The European Register system shall be transparent and include all relevant information regarding the transfer of allowances between Member States. This information shall be accessible to the public through a dedicated website hosted by the Commission.

Justification

Strengthening the transparency of the transfer of allowances between Member States and technical adjustment.

Amendment 41

Proposal for a regulation
Article 11 – paragraph 2

Text proposed by the Commission

2. The Commission shall be empowered to adopt a delegated act to implement paragraph 1 in accordance with Article 12 of this Regulation.

Amendment

deleted

2. The Commission shall be empowered to adopt a delegated act to implement paragraph 1 in accordance with Article 12 of this Regulation.

Justification

Technical adjustment, delegated act incorporated into Article 11 paragraph 1.

Amendment 42

Proposal for a regulation
Article 11 a (new)

Text proposed by the Commission

Article 11 a

Climate impact of Union funding

The Commission shall carry out a comprehensive, cross-sectorial study of the impact of funding granted from the Union budget or otherwise pursuant to
Union law on the mitigation of climate change.

By 1 January 2019, the Commission shall present to the European Parliament and the Council a report on the findings of the study which shall be accompanied, if appropriate, by legislative proposals aimed at discontinuing any Union funding which is not compatible with the CO2 reduction targets or policies of the Union. It shall include the proposal of a mandatory ex ante climate compatibility check which applies to every new Union investment from 1 January 2020 and the obligation to make the results public in a transparent and accessible way.

Amendment 43

Proposal for a regulation
Article 12 – paragraph 2

Text proposed by the Commission

2. The power to adopt delegated acts referred to in Article 7(2) and 11 of this Regulation shall be conferred on the Commission for an indeterminate period of time from the entry into force of this Regulation.

Amendment

2. The power to adopt delegated acts referred to in Article 4(3), Article 4a, Article 6(3a), Article 7(2), Article 9a and Article 11 of this Regulation shall be conferred on the Commission for a period of five years from ... [the date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

Amendment 44

Proposal for a regulation
Article 12 – paragraph 3
3. The delegation of powers referred to in Article 7(2) and 11 may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Amendment 45

Proposal for a regulation
Article 12 – paragraph 6

Text proposed by the Commission

6. A delegated act adopted pursuant to Article 7(2) and 11 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Amendment 46

Proposal for a regulation
Article 13

Text proposed by the Commission

Article 13 deleted Committee procedure

Amendment

6. A delegated act adopted pursuant to Article 4(3), Article 4a, Article 6(3a), Article 7(2), Article 9a and Article 11 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.
1. The Commission shall be assisted by the Climate Change Committee established by Regulation (EU) No 525/2013. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Justification

Linked to deletion of implementing acts.

Amendment 47

Proposal for a regulation
Article 14 – paragraph 1

Text proposed by the Commission

1. Within six months of the facilitative dialogue under the UNFCCC in 2018 the Commission shall publish a communication assessing the consistency of the Union's climate and energy legislative acts with the goals of the Paris Agreement. In particular, the communication shall examine the role and adequacy of the obligations laid down in this Regulation in meeting those goals, and the consistency of Union legislative acts in the field of climate and energy, including energy efficiency and renewable energy requirements, as well as legislative acts in the field of agriculture and transport, with the EU’s greenhouse gas reduction commitment.

Amendment

The Commission shall report to the European Parliament and to the Council by 28 February 2024 and every five years thereafter on the operation of this Regulation, its contribution to the EU’s overall 2030 greenhouse gas emission reduction target and its contribution to the goals of the Paris Agreement, and may make proposals if appropriate.

2. The Commission shall report to the European Parliament and to the Council by 28 February 2024 following the first global stocktake of the implementation of the Paris Agreement in 2023 and within six months of the subsequent global stocktakes thereafter, on the operation of this Regulation, its contribution to the EU’s overall 2030 greenhouse gas emission reduction target and its contribution to the goals of the Paris Agreement, and may make proposals if appropriate.
reduction target and the contribution to the goals of the Paris Agreement. The report shall, if appropriate, be accompanied by legislative proposals to increase the emission reductions of Member States.

The review of the emission reductions of Member States for the period from 2031 shall take into account the principles of fairness and cost-effectiveness in the distribution among Member States.

It shall also take into account progress by the Union and by third countries towards the goals of the Paris Agreement as well as progress made in leveraging and sustaining private finance in support of the transition to a low-carbon economy.

Amendment 48
Proposal for a regulation
Article 15a (new) Decision (EU) 2015/1814
Article 1 – paragraph 4

Text proposed by the Commission

Amendment

Article 15a

Amendment to Decision (EU) 2015/1814

Article 1 (4) of Decision (EU) 2015/1814 is replaced by the following:

“4. The Commission shall publish the total number of allowances in circulation each year by 15 May of the subsequent year. The total number of allowances in circulation in a given year shall be the cumulative number of allowances issued in the period since 1 January 2008, including the number issued pursuant to Article 13(2) of Directive 2003/87/EC in that period and entitlements to use international credits exercised by installations under the EU ETS in respect of emissions up to 31 December of that given year, minus the cumulative tonnes of verified emissions from installations under the EU ETS between 1 January 2008 and 31 December of that same given
year, any allowances cancelled in accordance with Article 12(4) of Directive 2003/87/EC other than the allowances cancelled in accordance with Article 6 (1) of Regulation (EU) 2017/* of the European Parliament and the Council, and the number of allowances in the reserve. No account shall be taken of emissions during the three-year period starting in 2005 and ending in 2007 and allowances issued in respect of those emissions. The first publication shall take place by 15 May 2017.

* Regulation (EU) 2017/... of the European Parliament and the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (OJ L ..., ..., p ... ).”

Amendment 49
Proposal for a regulation
Annex III

Text proposed by the Commission

Maximum amount expressed in million tonnes of CO$_2$ equivalent

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<td><strong>Maximum total:</strong></td>
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*Amendment*

Maximum amount expressed in million tonnes of CO₂ equivalent

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<th>Country</th>
<th>Amount</th>
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<tbody>
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<td>Maximum total:</td>
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EXPLANATORY STATEMENT

The European Commission proposal for an Effort Sharing Regulation, or "Climate Action Regulation implementing the Paris Agreement", covers about 60 percent of the EU's greenhouse gas emissions. All sectors that fall outside the scope of the EU Emissions Trading System (EU ETS) are covered by the Regulation, including transport, waste, the built environment and agriculture.

The Commission proposal is a welcome first step and aims to deliver, in the covered sectors, 30 percent emission reductions by 2030 compared to 2005 levels. However, several amendments are required in order to better promote long-term predictability, ensure consistency with other policies, in particular the EU’s energy efficiency target, and provide sufficient flexibility and solidarity between Member States.

Long-term predictability

The world is moving towards a low-carbon economy and the Paris Agreement adopted last year marks this development as being irreversible. The Paris Agreement sets out the goal to keep global temperature increase well below two degrees Celsius, and to strive for no more than a 1.5 degrees Celsius temperature increase. Consistent with these goals, the Paris Agreement also requires that net-zero emissions must be achieved in the second half of this century. In addition, in 2009 the EU adopted its objective of 80 to 95% greenhouse gas emission reductions by 2050.

Despite these commitments, the Commission proposal for a Regulation only aims at delivering the EU's 2030 objective. The lack of a long-term trajectory could lock in investments in carbon-intensive transport infrastructure, buildings etc., resulting in stranded assets and significantly higher overall costs of climate action in the long term. In order to provide long-term predictability, the proposal is amended with a new Article setting out a long-term trajectory towards at least 80% greenhouse gas emission reductions by 2050.

Moreover, considering the significant challenges to decarbonise all sectors of the economy, a more stringent emissions trajectory for the period 2021-2030 is provided, following the current European trend of decoupling emissions from economic growth.

Energy efficiency

The European Parliament has consistently championed a higher level of EU ambition on energy efficiency. In addition to climate benefits, energy efficiency reduces energy costs, creates jobs and improves energy security.

The Commission proposal for this Regulation was published in July 2016, before the European Commission “Winter Package” of November 2016, which included an increased
energy efficiency target of 30% (slightly more ambitious than the 27% target adopted by the European Council in October 2014).

The European Commission's impact assessment sets out that, with a 30% energy efficiency target, a quantity of 79 million tonnes of LULUCF credits is required to cost-efficiently meet Member State Effort Sharing targets. With that in mind, in order to keep up a consistent incentive for energy efficiency improvements in this Regulation and to ensure that the achievement of the overall EU target is not weakened, the LULUCF flexibility of Article 7 is adjusted towards a lower level of LULUCF credits (190 million, instead of the proposed 280 million).

LULUCF

The LULUCF flexibility in Article 7 is important for a number of Member States for reducing compliance costs. Moreover, the flexibility could provide additional support to the agricultural and forestry sectors in certain Member States for contributing to climate action. However, it must be ensured that LULUCF credits provide for truly additional and permanent sinks.

Also the use of existing EU financial instruments in support of the agricultural sector should be improved. The European Court of Auditors recently concluded that with regard to the use of the common agricultural policy "no significant shift towards climate action and not all potential opportunities for financing climate-related action have been fully explored".

The proposal is therefore amended so as to better ensure that the LULUCF flexibility delivers climate benefits and to encourage Member States to use the existing variety of EU financial instruments for the agricultural sector.
OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

for the Committee on the Environment, Public Health and Food Safety

on the proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (COM(2016)0482 – C8-0331/2016 – 2016/0231(COD))

Rapporteur: Benedek Jávor

AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Citation 1 a (new)

Text proposed by the Commission

Amendment

Having regard to Protocol No 1 of the Treaty on the Functioning of the European Union on the role of national parliaments in the European Union,

Amendment 2

Proposal for a regulation
Citation 1 b (new)

Text proposed by the Commission

Amendment
Having regard to Protocol No 2 of the Treaty on the Functioning of the European Union on the application of the principles of subsidiarity and proportionality,

Amendment 3

Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris agreement. This legislative proposal forms part of the implementation of the EU's commitment in the Paris agreement. The Union's commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Amendment

(3) The Paris Agreement signed by the EU entered into force on 4 November 2016. This legislative proposal forms part of the implementation of the EU's commitment in the Paris agreement to strengthen the global response to the threat of climate change through holding the increase of global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels while reducing domestic greenhouse gas emissions, conserving and enhancing sinks and reservoirs of greenhouse gases and safeguarding food security. The Union's commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015. In accordance with the Paris Agreement, Member States are to continue to reduce their greenhouse gas emissions covered by this Regulation beyond 2030 so that, consistent with the Union’s Energy Roadmap 2050 set out in Commission’s communication of 15 December 2011, by 2050 it leads to a reduction in the overall Union greenhouse gas emissions of 80 to 95% compared to 1990 levels.
Amendment 4

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) The transition to clean energy requires changes in investment behaviour and incentives across the entire policy spectrum. It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with this Regulation and progress on the other aspects of Energy Union as set out in the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy\textsuperscript{16}.

\footnote{\textsuperscript{16} COM(2015) 80.}

Amendment

(5) The transition to clean energy requires changes in investment behaviour and incentives across the entire policy spectrum, \textit{starting with the reduction and optimisation of energy consumption}. It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with this Regulation and progress on the other aspects of Energy Union as set out in the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy\textsuperscript{16}.

\footnote{\textsuperscript{16} COM(2015) 80.}

Justification

\textit{It is energy saving actions that have the shortest and most effective amortisation period and the lowest implementation costs.}

Amendment 5

Proposal for a regulation
Recital 9

Text proposed by the Commission

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council\textsuperscript{19} should be continued from 2021 to 2030, with the start of the trajectory calculation in 2020 on the average of the greenhouse gas emissions during 2016 to 2018 and the end of the trajectory being the 2030 limit for each Member State. \textit{An adjustment to the}

Amendment

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council\textsuperscript{19} should be continued from 2021 to 2030, with the start of the trajectory calculation in 2020 on the average of the greenhouse gas emissions during 2016 to 2018 \textit{and using the 2020 targets established under Decision No 406/2009/EC as a maximum limit} and the
allocation in 2021 is provided for Member States with both a positive limit under Decision 406/2009/EC and increasing annual emission allocations between 2017 and 2020 determined pursuant to Decisions 2013/162/EU and 2013/634/EU, to reflect the capacity for increased emissions in those years. The European Council concluded that the availability and use of existing flexibility instruments within the non-ETS sectors should be significantly enhanced in order to ensure cost-effectiveness of the collective Union effort and convergence of emissions per capita by 2030.


Amendment 6

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

(11a) This Regulation provides an incentive for emission reductions consistent with other Union legal acts on climate and energy. Given that over 75% of the greenhouse gas emissions are energy-related, increased efficiency of energy use and energy savings will play an important role in delivering such emissions reductions. Ambitious energy efficiency policies are therefore key not only for higher fossil fuel import savings ensuring energy security and lower consumer bills, but also for an increased uptake of energy-saving technologies in buildings, industry and transport, the
strengthening of economic competitiveness, local job creation as well as improving health conditions and tackling energy poverty. Paying for themselves over time, measures taken in sectors covered by this Regulation are a cost-effective way of helping Member States achieve their targets under this Regulation. Accordingly, when translating this Regulation into national policies, it is important that Member States pay particular attention to the specific and different potentials for energy efficiency improvements and investments across sectors.

Amendment 7
Proposal for a regulation
Recital 11 b (new)

(11b) In order to reduce emissions in the agricultural sector, Member States should include in their emissions roadmap actions which are aimed at improving the cost-effective mitigation potential of that sector and better exploit funding instruments under the common agricultural policy (CAP) to promote sustainable practices in the sector. In accordance with Article 14, the European Commission will assess and report to the European Parliament and to the Council on the actual progress made as regards cost-effective reductions of non-CO2 agricultural emissions and make proposals to alter the amount of net removals that can be used from managed cropland, managed grassland and managed wetland accordingly, if appropriate.
(12) Regulation [ ] [on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework] lays down accounting rules on greenhouse gas emissions and removals relating to land use, land-use change and forestry (LULUCF). While the environmental outcome under this Regulation in terms of the levels of greenhouse gas emission reductions that are made is affected by taking into account a quantity up to the sum of total net removals and total net emissions from deforested land, afforested land, managed cropland and managed grassland as defined in Regulation [ ], flexibility for a maximum quantity of 280 million tonnes of CO2 equivalent of these removals divided among Member States according to the figures in Annex III should be included as an additional possibility for Member States to meet their commitments when needed. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Article 7 to reflect a contribution of the accounting category managed forest land in the flexibility provided by that Article. Before adopting such a delegated act, the Commission should evaluate the robustness of accounting for managed forest land based on available data, and in particular the consistency of projected and actual harvesting rates. In addition, the possibility to voluntarily delete annual emission allocation units should be allowed.
under this Regulation in order to allow for such amounts to be taken into account when assessing Member States' compliance with requirements under Regulation [ ].

amount of 280 million net removals. Overall, in addition, the possibility to voluntarily delete annual emission allocation units should be allowed under this Regulation in order to allow for such amounts to be taken into account when assessing Member States' compliance with requirements under Regulation [ ].

Amendment 9
Proposal for a regulation
Recital 13

Text proposed by the Commission

(13) In order to ensure efficient, transparent and cost-effective reporting and verification of greenhouse gas emissions and of other information necessary to assess progress with Member State's annual emissions allocations, the requirements for annual reporting and evaluation under this Regulation are integrated with the relevant Articles under Regulation (EU) No. 525/2013, which should therefore be amended accordingly. The amendment of that Regulation should also ensure that progress of Member States in making emission reductions continues to be evaluated annually, taking into account progress in Union policies and measures and information from Member States. Every two years, the evaluation should include the projected progress of the Union towards meeting its reduction commitments and of Member States towards fulfilling their obligations. However, the application of deductions should only be considered at five-year intervals, so that the potential contribution from deforested land, afforested land, managed cropland and managed grassland taking place pursuant to Regulation [ ] can be considered. This is without prejudice to the duty of the Commission to ensure compliance with the obligations of Member States resulting

Amendment

(13) In order to ensure efficient, transparent and cost-effective reporting and verification of greenhouse gas emissions and of other information necessary to assess progress with Member State's annual emissions allocations, the requirements for annual reporting and evaluation under this Regulation are integrated with the relevant Articles under Regulation (EU) No. 525/2013, which should therefore be amended accordingly. The amendment of that Regulation should also ensure that progress of Member States in making emission reductions continues to be evaluated annually, taking into account progress in Union policies and measures and information from Member States. Every two years, the evaluation should include the projected progress of the Union towards meeting its reduction commitments and of Member States towards fulfilling their obligations. The application of deductions should be considered at annual intervals when all flexibilities provided under this Regulation have been taken into account, including the potential contribution coming from the flexibility provided under Regulation [ ] [LULUCF], and should be verified at intervals in accordance with the reporting under Regulation [ ] [LULUCF]. This is without prejudice to
from this Regulation or to the power of the Commission to initiate infringement proceedings for this purpose.

Amendment 10

Proposal for a regulation
Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) Given that the sectors covered by this Regulation emit more than half of the Union’s greenhouse gas emissions, the implementation of policies and measures aiming at the reduction of emission in those sectors will have a major impact on the environment. It is therefore necessary to ensure transparency in the monitoring, reporting and follow up of Member States’ efforts to meet their targets under this Regulation, in particular when enhanced flexibilities apply, in accordance with the United Nations Economic Commission for Europe (UNECE) Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters of 25 June 1998 (the Aarhus Convention) and Directive 2001/42/EC. Accordingly, it is important that Member States and the Commission consult stakeholders and the public and give them early and effective opportunities to participate in the preparation of the national reporting exercise, the corrective action plans and to ensure their proper involvement in the review process of this Regulation.

Amendment 11

Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) As a means to enhance the overall cost-effectiveness of total reductions, Member States should be able to transfer part of their annual emission allocation to other Member States. The transparency of such transfers should be ensured and may be carried out in a manner that is mutually convenient, including by means of auctioning, the use of market intermediaries acting on an agency basis, or by way of bilateral arrangements.

Amendment

(14) As a means to enhance the overall cost-effectiveness of total reductions, Member States should be able to transfer part of their annual emission allocation to other Member States. The transparency of such transfers should be ensured and may be carried out in a manner that is mutually convenient, including by means of auctioning, the use of market intermediaries acting on an agency basis, or by way of bilateral arrangements. It is important that the revenue of such transfers is made available for building renovation projects, in particular for low income households affected by energy poverty and social housing in line with the Energy Efficiency Directive [...].

Justification

Revenues from the transfers, combined with other EU financial instruments, can leverage a significant amount of investments in building renovations. Furthermore, linking it to the proposed Energy Efficiency Directive (COM(2016) 761) Article 7 requiring Member States to specifically target low income households and affected by energy poverty as well as social housing when designing energy efficiency measures.

Amendment 12

Proposal for a regulation

Recital 15

Text proposed by the Commission

(15) The European Environment Agency aims to support sustainable development and to help achieve significant and measurable improvement in Europe’s environment by providing timely, targeted, relevant and reliable information to policymakers, public institutions and the public. The European Environment Agency should assist the Commission, as appropriate in accordance with its annual work programme.

Amendment

(15) The European Environment Agency aims to support sustainable development and to help achieve significant and measurable improvement in Europe’s environment by providing timely, targeted, relevant and reliable information to policymakers, public institutions and the public. The European Environment Agency should assist the Commission, as appropriate in accordance with its annual work programme and contribute directly and
effectively to coping with climate change.

Amendment 13
Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) **This Regulation should be reviewed as of** 2024 and every 5 years thereafter in order to assess its overall functioning. The review should take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement.

Amendment

(20) **Within six months of the facilitative dialogue to be convened under the UNFCCC in 2018, 2024 and every 5 years thereafter the Commission should submit a report to the European Parliament and to the Council in order to assess the overall functioning of this Regulation.** The report should take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement, **and should be accompanied, where appropriate, by legislative proposals to update this Regulation and its ambition in accordance with the evolutions emerging from the facilitative dialogue under the UNFCCC, and the latest scientific findings of the IPCC.**

Amendment 14
Proposal for a regulation
Recital 20 a (new)

Text proposed by the Commission

(20a) **An additional review should be conducted by the Commission in the event of a Member State exiting the Union under Article 50 of the Treaty on European Union (TEU), in order to take into account economic consequences of that exit as well as how to ensure the environmental integrity of this Regulation in line with the EU’s commitment under the Paris Agreement.**
Amendment 15
Proposal for a regulation
Article 1 – paragraph -1 (new)

Text proposed by the Commission
The ultimate objective of this Regulation is to contribute to the fulfilment of the Union’s and Member States’ commitment under the UNFCC and the Paris Agreement to reduce greenhouse gas emissions with the aim of holding the increase of global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5°C above pre-industrial levels.

Amendment

Amendment 16
Proposal for a regulation
Article 1 – paragraph 1

Text proposed by the Commission
This Regulation lays down obligations on the minimum contributions of Member States to meeting the greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030, rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions.

Amendment
This Regulation requires Member States to reach the targets set out in Annex I, in order to reduce collectively the Union’s greenhouse gas emissions referred to in Article 2 by at least 30% in 2030 compared to 2005. It lays down obligations on the minimum contributions of Member States to meeting the greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030, rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions.
Amendment 17

Proposal for a regulation
Article 2 – paragraph 1

Text proposed by the Commission

1. This Regulation applies to the greenhouse gas emissions from IPCC source categories of energy, industrial processes and product use, agriculture and waste as determined pursuant to Regulation (EU) No 525/2013, excluding emissions from the activities listed in Annex I to Directive 2003/87/EC.

Amendment

1. This Regulation applies to the greenhouse gas emissions from IPCC source categories of energy, industrial processes and product use, agriculture and waste as determined pursuant to Regulation (EU) No 525/2013, excluding emissions from the activities listed in Annex I to Directive 2003/87/EC. Bioenergy is treated as carbon neutral for the purposes of this Regulation.

Justification

Carbon neutrality is consistent with the IPCC methodologies and the UNFCCC reporting practices. GHG emissions that are already taken into account in the LULUCF sector should not be double counted in the energy sector.

Amendment 18

Proposal for a regulation
Article 4 – paragraph 2

Text proposed by the Commission

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in 2020 on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3 and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

Amendment

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in 2020 on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3, and using the value of the 2020 annual emission allocation set out in the targets established in Decision No 406/2009/EC, as updated by the Commission Implementing Decision
2013/634/EU, as a maximum limit, using whichever value is lower, and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

Amendment 19

Proposal for a regulation
Article 4 – paragraph 3

Text proposed by the Commission

3. The Commission shall adopt an implementing act setting out the annual emission allocations for the years from 2021 to 2030 in terms of tonnes of CO₂ equivalent as specified in paragraphs 1 and 2. For the purposes of this implementing act, the Commission shall carry out a comprehensive review of the most recent national inventory data for the years 2005 and 2016 to 2018 submitted by Member States pursuant to Article 7 of Regulation No (EU) 525/2013.

Amendment

3. The Commission shall adopt a delegated act in accordance with Article 12 to supplement this Regulation by setting out the annual emission allocations for the years from 2021 to 2030 in terms of tonnes of CO₂ equivalent as specified in paragraphs 1 and 2. For the purposes of this delegated act, the Commission shall carry out a comprehensive review of the most recent national inventory data for the years 2005 and 2016 to 2018 submitted by Member States pursuant to Article 7 of Regulation No (EU) 525/2013.

Amendment 20

Proposal for a regulation
Article 4 – paragraph 4

Text proposed by the Commission

4. This implementing act shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all Member States' quantities were to exceed the collective total of 100 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.

Amendment

4. This delegated act shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all Member States' quantities were to exceed the collective total of 50 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.
Amendment 21

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

2. In respect of the years 2021 to 2029, a Member State may borrow a quantity of up to 5% from its annual emission allocation for the following year.

Amendment

2. In respect of the years 2021 to 2029, a Member State may borrow a quantity of up to 10% from its annual emission allocation for the following year.

Amendment 22

Proposal for a regulation
Article 6 – paragraph 1

Text proposed by the Commission

1. Member States that may have a limited cancellation of up to a maximum of 100 million EU ETS allowances as defined in Article 3(a) of Directive 2003/87/EC collectively taken into account for their compliance under this Regulation are listed in Annex II to this Regulation.

Amendment

1. Member States that may have a limited cancellation of up to a maximum of 50 million EU ETS allowances as defined in Article 3(a) of Directive 2003/87/EC collectively taken into account for their compliance under this Regulation are listed in Annex II to this Regulation without adverse effects on the environmental integrity of the Union-wide emission reduction system.

Amendment 23

Proposal for a regulation
Article 6 – paragraph 3

Text proposed by the Commission

3. At a Member State's request, the Central Administrator designated under Article 20 of Directive 2003/87/EC (thereafter "the Central Administrator") shall take into account the quantity referred to in Article 4(4) for that Member States' compliance under Article 9. One-tenth of the quantity of allowances determined pursuant to Article 4(4) shall be cancelled pursuant to Article 12(4) of Directive

Amendment

3. At a Member State's request, the Central Administrator designated under Article 20 of Directive 2003/87/EC (thereafter "the Central Administrator") shall take into account the quantity referred to in Article 4(4) for that Member States' compliance under Article 9. One-tenth of the quantity of allowances determined pursuant to Article 4(4) shall be cancelled for each year from 2021 to 2030. In order
not to distort the feeding of the market stability reserve, Article 1(4) of Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme shall not take into account the quantity of allowances cancelled under this paragraph for the determination of the total number of allowances in circulation.

Amendment 24
Proposal for a regulation
Article 7 – title

Text proposed by the Commission
Additional use of up to 280 million net removals from deforested land, afforested land, managed cropland and managed grassland

Amendment
Additional use of up to 280 million net removals from deforested land, afforested land, managed cropland, managed grassland and managed wetland.

Amendment 25
Proposal for a regulation
Article 7 – paragraph 1 – introductory part

Text proposed by the Commission
1. To the extent that a Member State's emissions exceed its annual emission allocations for a given year, a quantity up to the sum of total net removals and total net emissions from the combined accounting categories of deforested land, afforested land, managed cropland and managed grassland referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:

Amendment
1. To the extent that a Member State's emissions exceed its annual emission allocations for a given year, a quantity up to the sum of total net removals and total net emissions from the combined accounting categories of deforested land, afforested land, managed cropland, managed grassland and managed wetland referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:
Amendment 26

Proposal for a regulation
Article 7 – paragraph 1 – point -a (new)

Text proposed by the Commission

Amendment

(-a) the Member State has, by 30 June 2019 and every five years thereafter, submitted an action plan to the Commission, that sets out the actions and financial measures that the Member State shall implement in order to ensure that any net removals in excess of the requirements under Article 4 of Regulation [ ]LULUCF are maintained over the five-year periods set out in Article 9(2); that action plan shall, inter alia, address the use of relevant Union financing for climate change mitigation;

Amendment 27

Proposal for a regulation
Article 7 – paragraph 2

Text proposed by the Commission

Amendment

2. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the Commission shall be empowered to adopt a delegated act to modify paragraph 1 of this Article in order to reflect a contribution of the accounting category managed forest land in accordance with Article 12 of this Regulation.

2. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the Commission shall be empowered to adopt a delegated act before the review of Regulation [LULUCF] in 2024 to modify paragraph 1 of this Article, without affecting the overall amount of 280 million net removals under this Article, in order to reflect a contribution of the accounting category managed forest land in accordance with Article 12 of this Regulation.
Amendment 28

Proposal for a regulation
Article 9 – paragraph 1 – introductory part

Text proposed by the Commission

1. **In 2027 and 2032,** if the reviewed greenhouse gas emissions of a Member State exceed its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

Amendment

1. If the reviewed greenhouse gas emissions of a Member State exceed its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

Amendment 29

Proposal for a regulation
Article 11 – paragraph 1

Text proposed by the Commission

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013, including annual emission allocations, flexibilities exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central Administrator shall conduct an automated check on each transaction under this Regulation and, where necessary, block transactions to ensure there are no irregularities. This information shall be accessible to the public.

Amendment

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013. **The Commission shall, for that purpose, adopt a delegated act in accordance with Article 12 to supplement this Regulation, concerning annual emission allocations, flexibilities exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central Administrator shall conduct an automated check on each transaction under this Regulation and, where necessary, block transactions to ensure there are no irregularities. This information shall be accessible to the public.**

Amendment 30

Proposal for a regulation
Article 12 – paragraph 2
2. The power to adopt delegated acts referred to in Article 7(2) and 11 of this Regulation shall be conferred on the Commission for an indeterminate period of time from the entry into force of this Regulation.

Amendment 31

Proposal for a regulation
Article 12 – paragraph 4

Text proposed by the Commission

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.

Amendment

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State and the European Parliament in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.

Amendment 32

Proposal for a regulation
Article 13

Text proposed by the Commission

Article 13 deleted

Committee procedure

1. The Commission shall be assisted by the Climate Change Committee established by Regulation (EU) No 525/2013. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.
Amendment 33

Proposal for a regulation
Article 14 – paragraph 1

_The Commission shall report to the European Parliament and to the Council by 28 February 2024 and every five years thereafter on the operation of this Regulation, its contribution to the EU’s overall 2030 greenhouse gas emission reduction target and its contribution to the goals of the Paris Agreement, and may make proposals if appropriate._

Amendment

_Within six months of the end of the facilitative dialogue under the UNFCCC in 2018, and by 28 February 2024 and every five years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the operation of this Regulation, its contribution to the EU’s overall 2030, 2040 and 2050 greenhouse gas emission reduction targets and assess its contribution to the long-term mitigation goals of the Paris Agreement, taking into account the latest scientific findings of the IPCC as well as the need to update this Regulation in the light of the global stocktaking to enhance the Union’s climate action. The report shall be accompanied, where appropriate, by legislative proposals._

Amendment 34

Proposal for a regulation
Article 14 – paragraph 1a (new)

_Text proposed by the Commission

_In the event that a Member State withdraws from the Union under Article 50 TEU after the publication of this Regulation in the Official Journal of the European Union, the Commission shall report to the European Parliament and to the Council no later than one year following the date of entry into force of the withdrawal agreement or, failing that, three years after the notification referred to in Article 50(2) TEU, and every year thereafter, regarding the economic consequences of such withdrawal on each Member State as well as how to ensure_
the environmental integrity of this Regulation in line with the EU’s commitment under the Paris Agreement, and shall make proposals if appropriate.

Amendment 35

Proposal for a regulation
Article 15 – paragraph 1 – point 5 a (new)
Regulation (EU) No 525/2013
Article 21 – paragraph 3

Present text

‘3. By 31 October each year, the Commission shall submit a report summarising the conclusions of the assessments provided for in paragraphs 1 and 2 to the European Parliament and to the Council.’

Amendment

(5a) in Article 21, paragraph 3 is replaced by the following:

‘3. By 31 October each year, the Commission shall submit a report summarising the conclusions of the assessments provided for in paragraphs 1, 2 and 2a to the European Parliament and to the Council.’
## PROCEDURE – COMMITTEE ASKED FOR OPINION

| Title | Binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change |
| Committee responsible | COM(2016)0482 – C8-0331/2016 – 2016/0231(COD) |
| Date announced in plenary | ENVI 12.9.2016 |
| Date announced in plenary | Benedek Jávor 19.10.2016 |
| Rapporteur | 28.11.2016 12.1.2017 |
| Date adopted | 22.3.2017 |
| Result of final vote | +: 35  
#: 28  
0: 0 |
| Substitutes present for the final vote | Mario Borghezio, Soledad Cabezón Ruiz, Jens Geier, Benedek Jávor, Olle Ludvigsson, Piernicola Pedicini, Sofia Sakorafa, Anne Sander, Maria Spyraki, Marco Zullo |
| Substitutes under Rule 200(2) present for the final vote | Isabella Adinolfi, Arndt Kohn, Maria Noichl, Pavel Poc |
### FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>Isabella Adinolfi, Piernicola Pedicini, Dario Tamburrano, Marco Zullo</td>
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<td>GUE/NGL</td>
<td>Xabier Benito Ziltuaga, Paloma López Bermejo, Sofia Sakorafa, Neoklis Sylikiotis</td>
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<td>VERTS/ALE</td>
<td>Reinhard Bütikofer, Rebecca Harms, Benedek Jávor, Michel Reimon, Claude Turmes</td>
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<td>ECR</td>
<td>Nikolay Barekov, Edward Czesak, Ashley Fox, Zdzisław Krasnodębski, Evžen Tošenovský</td>
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<td>ENF</td>
<td>Mario Borghezio, Angelo Ciocca, Jean-Luc Schaffhauser</td>
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<td>Bendt Bendtsen, Jerzy Buzek, Cristian-Silviu Buşoi, Françoise Grossetête, András Gyürk, Krišjānis Kariņš, Seán Kelly, Janusz Lewandowski, Nadine Morano, Angelika Niebler, Herbert Reul, Paul Rübig, Massimiliano Salini, Anne Sander, Algirdas Saudargas, Maria Spyraki, Vladimir Urtchev, Henna Virkkunen, Anna Záborská, Pilar del Castillo Vera</td>
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Key to symbols:
+ : in favour  
- : against  
0 : abstention
27.3.2017

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on the Environment, Public Health and Food Safety

on the proposal for a Regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (COM(2016)0482 – C8-0331/2016 – 2016/0231(COD))

Rapporteur: Merja Kyllönen

SHORT JUSTIFICATION

Transport produces one quarter of carbon dioxide emissions in the EU. The need to reduce emissions from transport has been debated since the 1990s, while the objectives have varied with economic trends. Even though that debate has continued, greenhouse gas emissions from transport in Europe have merely increased, and by 2014 were 20% higher than in 1990.

The overall growth in emissions from transport is mainly due to the increase in emissions from road transport and aviation, as rail and inland waterway transport emissions have decreased since 1990. The share of private cars in transport emissions is around 44%, and the combined contribution of heavy goods transport and buses is around 18%. The effort-sharing regulation under consideration concerns the whole transport sector with the exception of international shipping and air transport.

According to the proposal for a regulation, in addition to an emission reduction target for 2030, Member States will be required to meet annual reduction targets during the period 2021-2030. Member States will be under an obligation both to abide by annual emission quotas and to reduce emissions in a linear fashion. According to the proposal, the starting point for the 2021-2030 emission reduction path is the year 2020, and it would be determined, in principle, on the basis of average emission data for 2016 to 2018. The rapporteur considers it important to create strong incentives for all countries to reduce emissions, from the very start of the period, and suggests, therefore, that the 2020-level starting point should be reviewed. The rapporteur stresses the need to reduce emissions consistently, including in the long term, i.e. in the period ending in 2050.

The Commission has included in its proposal for a regulation elements of flexibility, the aim
being to ensure that emission reduction measures are undertaken in the most cost-effective way. However, the elements of flexibility in the Commission proposal and the basis for their calculation are marred by uncertainties, which could jeopardise implementation of the EU’s climate policy and the overall final result. The proposed flexible mechanisms allow a situation in which the EU will miss its emission reduction targets under the Paris Convention on Climate Change, even if Member States attain the targets assigned to them under the effort-sharing decision. On the other hand, the acceptability of the Commission proposal in certain Member States depends on precisely these elements of flexibility. However, taken in conjunction, numerous flexibilities, some of them overlapping, could result in a situation in which the EU’s emissions from the effort-sharing sector in fact fall by substantially less than the 30% target. The rapporteur considers that, among the proposed flexibility mechanisms, there are strong reasons in favour of transfers between sectors, between emissions trading and the effort-sharing sector (the so-called one-off mechanism), as well as LULUCF flexibility, which should enable the Member States also to use the ceiling for LULUCF removal units (sinks) set in the proposal to comply with the emission reduction obligation in the effort-sharing sector.

The rapporteur understands the idea contained in the Commission's proposal on reducing administrative effort, but sees a need for annual monitoring of how emission reduction targets are being pursued in the various Member States instead of the proposed five-yearly evaluation. In order to ensure implementation and effectiveness, the rapporteur considers it desirable that the Commission should also have tools for imposing sanctions on Member States that do not meet their emission reduction targets.

According to the effort-sharing regulation, the methods of reducing emissions are to be left to the individual Member State to decide. In conjunction with the publication of its proposal for the effort-sharing regulation, the Commission put forward its views on measures to reduce emissions from transport in the communication ‘Towards low-emission mobility’, published in July 2016. The Commission communication must be followed by numerous legislative proposals to establish the framework, inter alia, for regulation of emissions from heavy goods transport. However, responsibility for the success of the EU’s climate policy as a whole rests very much with national and local policies and decisions; conurbations have a particularly big role to play, as urban transport produces 23% of Europe’s carbon dioxide emissions from transport. On the basis of the proposal for an effort-sharing regulation, the greatest pressure to reduce transport emissions will be on those Member States whose emission reduction targets are high as a whole.

The rapporteur agrees with the decision to leave it to national decision-makers to decide on the methods to be used to reduce transport emissions. However, she regards the EU’s lack of competence in the field of urban policies as problematic and hopes that the EU will assume a broader coordinating role in disseminating best practices in urban transport policy. The rapporteur would also observe that, thanks to its various funding instruments, the EU has much funding to allocate, and she considers it essential that, in the case of transport, the funds to be allocated from the various programmes and instruments should be used for projects that promote a shift to a low-emission (in the short term) and entirely emission-free (in the medium and long term) transport system.
For a long time, Europe’s common transport policy has been based on attaining emission reduction targets primarily with the aid of progress in vehicle technology and fuel technology. However, the uncertainties which have recently come to light in the car industry have raised questions about the industry’s commitment to genuine emission reductions. The shift to low-emission or emission-free mobility is being hampered by the heavy dependence on fossil fuels, while the low price of oil has recently put a brake on the transition from them. The rapporteur believes that the most effective way to attain emission reduction targets is a broad package of measures consisting of rational land-use planning, public transport, policies to promote walking and cycling, full exploitation of the developing vehicle, engine and fuel technologies, the introduction of knowledge services and digital services, and the use of price instruments to guide mobility choices.

Digitisation and new digital services have enabled new types of mobility services to be created, which, if they come to be more widely used, can reduce the need to own and use a car of one’s own, and thus create a significant emission reduction potential. It is therefore desirable that these services should gain ground both in urban and inter-urban transport. These services offer users ease of movement and also make the total costs of mobility most predictable and transparent. It seems that the automation of traffic is also proceeding faster than expected. The rapporteur considers both developments to be positive, but notes that the legislators of both the EU and the Member States will have to monitor carefully how the development of the field affects transport emissions. It must be ensured that the changes lead to mobility behaviour that is less damaging to the climate and the environment.

Transport is one of the most important everyday services for European citizens, and effective, precise and cost-effective logistics are absolutely essential for European integration and the functioning of the internal market. Given that the emission reduction targets for the transport and logistics sector are becoming quite ambitious as a result of this regulation on effort-sharing, the rapporteur cannot conceal her concern that the costs to the transport industry and to European industry in general of reducing emissions have yet to be determined. A credible cost-benefit calculation is also required when Member States make decisions on the allocation of emission reduction obligations to the various different sectors, and the Commission should support Member States in providing these tools.

**AMENDMENTS**

The Committee on Transport and Tourism calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to take into account the following amendments:

**Amendment 1**

**Proposal for a regulation**

**Recital 3**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tbody>
<tr>
<td>(3) On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris agreement. This legislative</td>
<td>(3) Following the approval of the European Parliament on 5 October 2016, the European Council ratified the Paris</td>
</tr>
</tbody>
</table>
Proposal forms part of the implementation of the EU’s commitment in the Paris agreement. The Union's commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Agreement on 4 November 2016, the same date on which it entered into force. The Paris Agreement aims at keeping the increase of global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The Union's commitment in the Paris Agreement to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Amendment 2

Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) Certain Member States made significant efforts, and this flexibility reflects the shared willingness of Member States to ensure a fair and ambitions distribution of efforts in meeting the annual greenhouse gas emissions reductions necessary to fulfil the commitments made at COP21 in Paris.

Amendment 3

Proposal for a regulation
Recital 11

Text proposed by the Commission

Amendment

(11) A range of Union measures enhance Member States’ ability to meet their climate commitments and are crucial to achieving necessary emission reductions in the sectors covered by this Regulation. These include legislation on fluorinated greenhouse gases, CO2-reductions from
road vehicles, energy performance of building, renewables, energy efficiency and the Circular Economy, as well as Union funding instruments for climate-related investments.

Amendment 4
Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) More than 75 % of the Union’s greenhouse gas emissions are energy-related. Therefore, it is important that all measures to improve the energy efficiency in a cost-effective way and thus reduce the energy demand are prioritised and promoted, and duly integrated with climate policy actions across sectors;

Amendment 5
Proposal for a regulation
Recital 11 b (new)

Text proposed by the Commission

Amendment

(11b) The transport sector is not only a major greenhouse gas emitter but has also been the fastest growing sector in energy consumption since 1990. It is important, therefore, that further efforts are made by the Commission and the Member States to improve energy efficiency, foster a shift to sustainable transport modes and reduce the sector’s high carbon dependency. The decarbonisation of the energy mix by promoting low emission energy for transport, for example sustainable biofuels and electric vehicles, will contribute to the CO2 emission reduction target, in line with the goals of the Paris Agreement. That could be facilitated by
ensuring that the sector has a clear and long-term framework to provide certainty and upon which to base investments.

Amendment 6
Proposal for a regulation
Recital 11 c (new)

Text proposed by the Commission

Amendment

(11c) In view of the aim of achieving a more effective “Climate Union”, this Regulation should provide incentives for emission reductions consistent with other Union legal acts on climate and energy. It is vital that both the Union and its Member States ensure that they pursue mutually reinforcing policies across the relevant sectors (e.g. climate, energy and other sectorial policies) in order to make a successful transition towards a competitive low-carbon economy. The impact of energy and sectorial policies on the Union and national climate commitments should be assessed with common quantified methods, so that their impacts are transparent and verifiable.

Amendment 7
Proposal for a regulation
Recital 17

Text proposed by the Commission

Amendment

(17) In order to ensure uniform conditions for the implementation of Article 4 according to which annual emission limits for Member States will be established, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council21.

(17) In order to ensure uniform conditions for the implementation of Article 4 according to which annual emission limits for Member States are to be established, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of setting out the annual emission allocations for the years from 2021 to 2030. It is of particular
importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.


Amendment 8

Proposal for a regulation
Recital 18 a (new)

Text proposed by the Commission

(18a) In addition to the efforts to reduce its own emissions, it is important that the Union, in line with the aim of increasing its positive impact on the global carbon handprint, envisage, together with third countries, climate solutions by implementing joint projects with those countries, in the 2030 climate policy context, taking into account that the Paris Agreement refers to a new international cooperation mechanism for combating climate change.
Amendment 9
Proposal for a regulation
Recital 19 a (new)

Text proposed by the Commission

(19a) In order to comply with Articles 4 and 14 of the Paris Agreement, it is necessary that the Union make progressively stronger efforts and submit every five years a contribution reflecting its highest possible ambition. This Regulation therefore includes a review clause to establish new targets for scaling up the Union's commitments. To ensure that the Union's target adjustments are in line with the Paris Agreement's global stocktake mechanism, it is vital that the review is comprehensive and take into account the best available science.

Justification

The regulation should include a strong review clause to adjust every five years EU's climate objectives to meet commitments under the Paris Agreement. Within this perspective, the review clause should be based on a preparatory and independent report from the European Environmental Agency.

Amendment 10
Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter in order to assess its overall functioning. The review should take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement.

Amendment

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter, which is both in accordance with the compliance cycle of the LULUCF and the international cycle under the Paris Agreement, in order to assess its overall functioning. The review should take into account evolving national circumstances.
and be informed by the results of the global stocktake of the Paris Agreement. *With that in mind, any such review should take into account the potential economic consequences that may arise in the event of a Member State exiting the Union under Article 50 of the Treaty on European Union.*

**Amendment 11**

**Proposal for a regulation**

**Recital 20 a (new)**

<table>
<thead>
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<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tr>
<td><em>(20a) In order to ensure a comprehensive ratcheting up system in line with the Paris Agreement and take into account the experience of the European Environmental Agency in promoting the incorporation of European environmental information into international monitoring programmes and providing comprehensive assessment of the state of the environment in the Union, the review should be based on a preparatory and independent report from the European Environmental Agency.</em></td>
<td></td>
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</table>

**Justification**

_The regulation should include a strong review clause to adjust every five years EU’s climate objectives to meet commitments under the Paris Agreement. Within this perspective, the review clause should be based on a preparatory and independent report from the European Environmental Agency._

**Amendment 12**

**Proposal for a regulation**

**Article 1 – paragraph 1**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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</thead>
<tbody>
<tr>
<td>1. This Regulation lays down obligations on the minimum contributions</td>
<td>1. This Regulation <em>requires Member States to collectively reduce greenhouse</em></td>
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</table>

RR\1127404EN.docx 71/106 PE592.423v03-00
of Member States to meeting the greenhouse gas emission reduction commitment of the Union for the period from 2021 to 2030, rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions.

Amendment 13
Proposal for a regulation
Article 1 – paragraph 1 a (new)

Text proposed by the Commission

1a. The ultimate objective of this Regulation is to fulfil the Union’s and Member States’ commitment under the UNFCC and the Paris Agreement to reduce greenhouse gas emissions with the aim of holding the increase of global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5°C above pre-industrial levels. To achieve this objective, Member States shall continue reducing the greenhouse gas emissions covered by this Regulation annually in a linear manner beyond 2030, achieving net-zero emissions in the second-half of this century.

Amendment 14
Proposal for a regulation
Article 4 – paragraph 2

Text proposed by the Commission

2. Subject to the flexibilities provided

Amendment

2. Subject to the flexibilities provided
for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in 2020 on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3 and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

Amendment 15
Proposal for a regulation
Article 4 – paragraph 4

*Text proposed by the Commission*

4. This *implementing* act shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all Member States’ quantities were to exceed the collective total of 100 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.

Amendment

4. This *delegated* act shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all Member States’ quantities were to exceed the collective total of 100 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.

Amendment 16
Proposal for a regulation
Article 4 – paragraph 5

*Text proposed by the Commission*

5. This *implementing act shall be adopted in accordance with the examination procedure referred to in Article 13.*

*deleted*
Amendment 17
Proposal for a regulation
Article 5 – paragraph 3

Text proposed by the Commission

3. A Member State whose greenhouse gas emissions for a given year are below its annual emission allocation for that year, taking into account the use of flexibilities pursuant to this Article and Article 6, may bank that excess part of its annual emission allocation to subsequent years until 2030.

Amendment

3. A Member State whose greenhouse gas emissions for a given year are below its annual emission allocation for that year, taking into account the use of flexibilities pursuant to this Article, may bank that excess part of its annual emission allocation to subsequent years until 2029. That excess part may be partly or totally used in any subsequent year until 2029 without exceeding 5 % of the annual allocation emission.

Amendment 18
Proposal for a regulation
Article 5 – paragraph 4

Text proposed by the Commission

4. A Member State may transfer up to 5 % of its annual emission allocation for a given year to other Member States. The receiving Member State may use this quantity for compliance under Article 9 for the given year subsequent years until 2030.

Amendment

4. A Member State may transfer up to 10 % of its annual emission allocation for a given year to other Member States. The receiving Member State may use this quantity for compliance under Article 9 for the given year subsequent years until 2030. Such transfers shall be included in the European Register referred to in Article 11.

Amendment 19
Proposal for a regulation
Article 5 – paragraph 5

Text proposed by the Commission

5. A Member State may transfer the

Amendment

5. A Member State may transfer the
part of its annual emission allocation for a given year that exceeds its greenhouse gas emissions for that year, taking into account the use of flexibilities pursuant to paragraphs 2 to 4 and Article 6, to other Member States. A receiving Member State may use this quantity for compliance under Article 9 for that year or subsequently until 2030. Such transfers shall be included in the European Register referred to in Article 11.

Justification

Strengthening the transparency of emission allocation transfers between Member States

Amendment 20

Proposal for a regulation
Article 5 – paragraph 6

Text proposed by the Commission

6. Member States shall be able to use credits from projects issued pursuant to Article 24a (1) of Directive 2003/87/EC for compliance under Article 9, without any quantitative limit and while avoiding double-counting.

Amendment

6. Member States shall be able to use credits from projects issued pursuant to Article 24a (1) of Directive 2003/87/EC for compliance under Article 9, without any quantitative limit and while avoiding double-counting. Member States shall encourage private sector participation in such projects.

Justification

Also the private sector should be eligible to participate in emission reduction projects, in order to increase the investment leverage. Article 24a of the ETS Directive ensures that the final responsibility for the project and for avoiding double-counting remains with the Member State hosting the project.

Amendment 21

Proposal for a regulation
Article 7 – title

Text proposed by the Commission

Additional use of up to 280 million net removals from deforested land, afforested

Amendment

Additional use of up to 280 million net removals from deforested land, afforested
land, managed cropland and managed grassland, managed forest land and harvested wood products.

Amendment 22

Proposal for a regulation
Article 7 – paragraph 1 – introductory part

Text proposed by the Commission

1. To the extent that a Member State’s emissions exceed its annual emission allocations for a given year, a quantity up to the sum of total net removals and total net emissions from the combined accounting categories of deforested land, afforested land, managed cropland and managed grassland referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:

Amendment

1. To the extent that a Member State’s emissions exceed its annual emission allocations for a given year, a quantity up to the sum of total net removals and total net emissions from the combined accounting categories of deforested land, afforested land, managed cropland, managed grassland, managed forest land and harvested wood products referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:

(This amendment applies throughout the text)

Amendment 23

Proposal for a regulation
Article 8 – paragraph 1 – point a

Text proposed by the Commission

(a) actions that the Member State shall implement in order to meet its specific obligations under Article 4, through domestic policies and measures and the implementation of Union action;

Amendment

(a) actions that the Member State shall implement in order to meet its specific obligations under Article 4, through domestic policies and measures and the implementation of Union action, without producing negative effects on the lives of citizens;
Amendment 24

Proposal for a regulation
Article 9 – paragraph 1

Text proposed by the Commission

1. In 2027 and 2032, if the reviewed greenhouse gas emissions of a Member State exceed its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

Amendment

1. From 2020, the Commission shall evaluate once every two years whether the progress made by Member States is sufficient to fulfil their obligations under this Regulation. If a Member State exceeds its annual emission allocation for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

Amendment 25

Proposal for a regulation
Article 11 – title

Text proposed by the Commission

Amendment

Registry

European Register

Amendment 26

Proposal for a regulation
Article 11 – paragraph 1

Text proposed by the Commission

Amendment

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013, including annual emission allocations, flexibilities exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central Administrator shall conduct an automated check on each transaction under this

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013, including annual emission allocations, flexibilities exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central Administrator shall conduct an automated check on each transaction under this
Regulation and, where necessary, block transactions to ensure there are no irregularities. This information shall be accessible to the public.

Regulation and, where necessary, block transactions to ensure there are no irregularities. The European Register system shall be transparent and include all relevant information regarding the transfer of allowances between Member States. This information shall be accessible to the public through a dedicated website hosted by the Commission.

**Justification**

*Strengthening the Transparency of the transfer of allowances between Member States*

**Amendment 27**

**Proposal for a regulation**

**Article 14 – paragraph 1**

*Text proposed by the Commission*

*The Commission shall report to the European Parliament and to the Council by 28 February 2024 and every five years thereafter on the operation of this Regulation, its contribution to the EU’s overall 2030 greenhouse gas emission reduction target and its contribution to the goals of the Paris Agreement, and may make proposals if appropriate.*

*Amendment*

*Within six months of the facilitative dialogue which is to be convened under the UNFCCC in 2018 to take stock of the collective efforts of Parties in relation to progress towards the global long-term goal and within six months of the global stocktake in 2023 and subsequent global stocktakes thereafter, the Commission shall report to the European Parliament and to the Council on the operation of this Regulation, its contribution to the EU’s overall 2030 greenhouse gas emission reduction target and its contribution to the long-term objectives established in Article 1 of this Regulation. The Commission shall also assess, with the aim of enhancing the Union’s climate action, on the basis of an independent report drawn up by the European Environmental Agency, the appropriateness to amend this Regulation or to submit other legislative proposals, or both, in order to ensure the compliance with the Union's commitments under Articles 3, 4 and 14 of the Paris Agreement.*
Amendment 28

Proposal for a regulation
Article 14 – paragraph 1 a (new)

Text proposed by the Commission

1a. Following each global stocktake agreed under the Paris Agreement, a Member State may voluntary cancel part of its annual emission allocations. The Member State shall notify the Commission of its intention to cancel part of its annual emission allocations and the Commission shall make that information publicly available on its website.
PROCEDURE – COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Title</th>
<th>Binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change</th>
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<tr>
<td>Committee responsible</td>
<td><strong>ENVI</strong></td>
</tr>
<tr>
<td>Date announced in plenary</td>
<td>12.9.2016</td>
</tr>
<tr>
<td>Opinion by</td>
<td><strong>TRAN</strong></td>
</tr>
<tr>
<td>Date announced in plenary</td>
<td>12.9.2016</td>
</tr>
<tr>
<td>Rapporteur</td>
<td>Merja Kyllönen</td>
</tr>
<tr>
<td>Date appointed</td>
<td>28.9.2016</td>
</tr>
<tr>
<td>Discussed in committee</td>
<td>25.1.2017 28.2.2017</td>
</tr>
<tr>
<td>Date adopted</td>
<td>22.3.2017</td>
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<td>Result of final vote</td>
<td>+: 32</td>
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<td>--: 8</td>
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<td>0: 0</td>
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<tr>
<td>Substitutes present for the final vote</td>
<td>Hugues Bayet, Mark Demesmaeker, Bas Eickhout, Markus Ferber, Maria Grapini, Franck Proust, Patricija Šulienė, Matthijs van Miltenburg</td>
</tr>
<tr>
<td>Substitutes under Rule 200(2) present for the final vote</td>
<td>Herbert Dorfmann</td>
</tr>
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## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>Gesine Meissner, Dominique Riquet, Pavel Telička, Matthijs van Miltenburg</td>
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<tr>
<td>PPE</td>
<td>Georges Bach, Deirdre Clune, Herbert Dorfmann, Markus Ferber, Dieter-Lebrecht Koch, Elżbieta Katarzyna Łukacijewska, Cláudia Monteiro de Aguiar, Markus Peper, Franck Proust, Massimiliano Salini, Patricija Šulin, Elissavet Vozemberg-Vrionidi, Luis de Grandes Pascual, Winn van de Camp</td>
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<td>S&amp;D</td>
<td>Lucy Anderson, Inés Ayala Sender, Hugues Bayet, Ismail Ertug, Maria Grapini, Miltiadis Kyrkos, Jens Nilsson, Gabriele Preuß, Christine Revault D'Allonnes Bonnefoy, Claudia Ţapardel, István Ujhelyi, Janusz Zemke</td>
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<td>Verts/ALE</td>
<td>Michael Cramer, Bas Eickhout, Keith Taylor</td>
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Key to symbols:
+ : in favour
- : against
0 : abstention
OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on the Environment, Public Health and Food Safety

on the proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (COM(2016)0482 – C8-0331/2017 – 2016/0231(COD))

Rapporteur: Nicola Caputo

SHORT JUSTIFICATION

Rapporteur’s position

The agricultural sector as a whole is responsible for 10 % of the European Union’s greenhouse gas emissions. A significant decline in the livestock population, more efficient use of fertilisers and better management of manure have helped reduce the EU’s emissions levels in recent years, resulting in a 24 % drop between 1990 and 2012.

In 2016, EUR 16.3 billion of the CAP’s budget was channelled towards sustainable and climate-friendly farming as evidence of how the EU’s agriculture sector is really stepping up the transition to a low carbon, climate resilient circular economy, and is more than ready to seize upon every opportunity to further improve its environmental performance.

However under the bottom-up approach underpinning the new global agreement on climate change, it would seem unlikely, at least initially and under present policies, that greenhouse gas emissions can fall sufficiently to hit the EU’s 2030 target of reducing greenhouse gas emissions in non-ETS sectors by at least 40 % compared to 1990 levels, and by 30 % compared to 2005.

This proposal for a regulation, which followed on from the Commission’s assessment of the Paris Agreement and sets national reduction targets as an incentive for future policies resulting in even higher emissions reductions, is therefore essential.
However, six issues of concern in this proposal should be noted:

1) Activities in the LULUCF sector should be fully accounted for, in the same way as in other sectors covered by the ‘Effort Sharing’ regulation, and not just as a flexibility mechanism. Fully accounting for the agro-forestry sector, including forest management which is not currently considered, would ensure that any emissions caused by energy policies that are not fit for purpose, and which may deplete the absorption capacity of agro-forestry ecosystems, are identified. There is sufficient time available before the proposal for a regulation on ‘Effort Sharing’ comes into force for rigorous and reliable accounting criteria to be established that take fully into consideration the contribution made by the whole sector, including forest management.

2) As regards the possible use of credits, their scope does need to be extended, hence additional use of net absorption from the LULUCF sector is set at 425 million tonnes, as indicated in the third option in the Commission’s impact assessment accompanying the proposal for a LULUCF regulation. This proposal is in line with provisions in the Paris Agreement which recognise the importance of the LULUCF sector on account of its mitigation potential. This approach is also in line with guidelines from the October 2014 European Council which drew attention to the lower mitigation potential of the agriculture sector and the importance of examining the best means to optimise this sector’s contribution to greenhouse gas mitigation and sequestration, in particular through LULUCF activities.

3) The proposal for a regulation on ‘Effort Sharing’ establishes annual emissions targets for Member States for the period 2021-2030 without suggesting any mitigation tools capable of contributing to achievement of the reduction target, particularly for the agriculture sector where, conversely, good emissions reduction practices need to be incentivised. Both innovation in agriculture, through the introduction of ‘green’ techniques capable of protecting the soil, and the reduction of emissions from the agricultural sector need to be encouraged above all. To this end, the techniques of conservation agriculture and precision agriculture, but particularly the former, need to be promoted.

4) As regards monitoring and checks, annual compliance checks are proposed rather than five-yearly ones. Compliance checks every five years would limit the scope of corrective measures and any penalties imposed would be severely lacking in effect (there would be no penalties for non-compliance, for example, until 2027). Annual compliance checks would also encourage trading as Member States would be more aware of the situation in a relatively short period of time.

5) Delegated acts, it should be pointed out, should be used to amend non-essential aspects of the basic act. Furthermore, the Commission is advised against misuse of delegated acts and its attention is drawn to the importance of Parliament being involved in the preparatory stage of these acts.

6) The proposal for a regulation does not contain any references to Brexit. All 28 Member States are included in the proposal’s tables at present and the United Kingdom is included in the table in Annex I with an emissions target of -37%. The Commission will have to act to adjust dates and targets as soon as Article 50 of the Treaty of Lisbon concerning departure from the EU is triggered.
AMENDMENTS

The Committee on Agriculture and Rural Development calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 2

Text proposed by the Commission

(2) The European Council conclusions of October 2014 foresaw that the target should be delivered collectively by the Union in the most cost-effective manner possible, with the reductions in the Emissions Trading System (ETS) and non-ETS sectors amounting to 43% and 30% by 2030 compared to 2005 respectively, with efforts distributed on the basis of relative Gross Domestic Product (GDP) per capita. All sectors of the economy should contribute to achieving these emission reductions, and all Member States should participate in this effort, balancing considerations of fairness and solidarity, and national targets within the group of Member States with a GDP per capita above the Union average should be relatively adjusted to reflect cost-effectiveness in a fair and balanced manner. Achieving these greenhouse gas emission reductions should boost efficiency and innovation in the European economy and in particular should promote improvements, notably in buildings, agriculture, waste management and transport, in so far as they fall under the scope of this Regulation.

Amendment 2

Proposal for a regulation
Recital 2 a (new)

(2) The European Council conclusions of October 2014 foresaw that the target should be delivered collectively by the Union in the most cost-effective manner possible, with the reductions in the Emissions Trading System (ETS) and non-ETS sectors amounting to 43% and 30% by 2030 compared to 2005 respectively, with efforts distributed on the basis of relative Gross Domestic Product (GDP) per capita. All sectors of the economy should contribute to achieving these emission reductions, and all Member States should participate in this effort, balancing considerations of fairness and solidarity, and national targets within the group of Member States with a GDP per capita above the Union average should be relatively adjusted to reflect cost-effectiveness in a fair and balanced manner. Achieving these greenhouse gas emission reductions should boost efficiency and innovation in the European economy and in particular should promote improvements, notably in forestry, buildings, agriculture, waste management and transport, in so far as they fall under the scope of this Regulation.
(2a) In order to achieve those emissions reductions and in an effort to maximise the role of the agriculture sector, it is important that Member States promote innovative mitigation actions with the greatest potential, including: conversion of arable to permanent grassland; management of hedges, buffer strips and trees on agricultural land; new agroforestry and woodland planting schemes; prevention of tree removal and deforestation; low or no till and use of cover/catch crops and crop residues on land; carbon auditing and soil/nutrient management plans; improved nitrogen efficiency and nitrification inhibition; wetland/peat land restoration and conservation; and enhanced livestock breeding, feeding and management methods for lower emissions.

Amendment 3
Proposal for a regulation
Recital 2 b (new)

(2b) The Council ratified the Paris Agreement on 5 October 2016, following the consent given by the European Parliament on 4 October 2016. The Paris Agreement, which entered into force on 4 November 2016, aims at keeping the increase in global temperature to well below 2 °C above pre-industrial levels and at pursuing efforts to limit the temperature increase to 1,5 °C above pre-industrial levels, and implies that in order to attain those targets more sustainable farming practices that develop synergies between biodiversity, environmental and climate goals will have to be adopted.
Amendment 4
Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris agreement. This legislative proposal forms part of the implementation of the EU’s commitment in the Paris agreement. The Union’s commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Amendment

(3) The contribution of the agriculture sector is a key priority in improving the Union’s ability to adapt to future challenges caused by climate change and this Regulation forms part of the implementation of the Union’s commitment in the Paris Agreement with better coherence between climate change policy and food security objectives to ensure sustainable, efficient and resilient food production, recognising the particular vulnerabilities of food production systems to the adverse impacts of climate change. The Union’s commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Amendment 5
Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) The transition to clean energy requires changes in investment behaviour and incentives across the entire policy spectrum. It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with this Regulation and progress on the other aspects of Energy Union as set out in the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate

Amendment

(5) The transition to clean energy and the bio-economy requires changes in investment behaviour across the entire policy spectrum and incentives for small and medium-sized enterprises (SMEs) with less capital and small farms to adapt their business models. It is a key Union priority to establish a resilient Energy Union which prioritises energy efficiency and aims to provide secure, sustainable and affordable energy to its citizens as well as applying stringent sustainability and emission-reduction policies to the use of
Change Policy.\textsuperscript{16} bio-based resources to replace fossil resources. Achieving this requires continuation of ambitious climate action with this Regulation and progress on the other aspects of Energy Union as set out in the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy.\textsuperscript{16}

\textsuperscript{16} COM(2015)80

Amendment 6

Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) A range of Union measures enhance Member States’ ability to meet their climate commitments and are crucial to achieving necessary emission reductions in the sectors covered by this Regulation. These include legislation on fluorinated greenhouse gases, CO2-reductions from road vehicles, energy performance of building, renewables, energy efficiency and the Circular Economy, as well as Union funding instruments for climate-related investments.

Amendment

(11) A range of Union measures enhance Member States’ ability to meet their climate commitments and are crucial to achieving necessary emission reductions in the sectors covered by this Regulation. These include legislation on fluorinated greenhouse gases, CO2-reductions from road vehicles, energy performance of building, renewables, energy crops, energy efficiency and the Circular Economy, as well as Union funding instruments for climate-related investments, including all instruments under the common agricultural policy (CAP) and in addition to funding the transition to a sustainable, high biodiversity and low-emissions food and farming system as an important goal of the CAP.

Amendment 7

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

(11a) As the agricultural and forest sectors have the unique ability to bind
greenhouse gas emissions, but less potential for abatement measures, there needs to be a better understanding of the mitigation potential of individual farms and designated forest areas in the Union in order to strengthen possible incentives for climate efficient farmers and improved forest management practices in particular at individual farm level or forest area.

Amendment 8
Proposal for a regulation
Recital 11 b (new)

Text proposed by the Commission

(11b) It is important that such measures incentivise greenhouse gas emission reductions by rewarding best practice, assisting farmers to develop and integrate specific climate mitigation measures and generally improve the efficiency of production. The rural development policy (Pillar II) allocates EUR 99,6 billion to a range of activities including the promotion of resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors. Member States need to encourage behaviour that promotes the transition to a low-carbon economy.

Amendment 9
Proposal for a regulation
Recital 12

Text proposed by the Commission

(12) Regulation [ ] on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework] lays down accounting rules on greenhouse gas emissions and removals relating to land use, land-use change and
forestry (LULUCF). While the environmental outcome under this Regulation in terms of the levels of greenhouse gas emission reductions that are made is affected by taking into account a quantity up to the sum of total net removals and total net emissions from deforested land, afforested land, managed cropland and managed grassland as defined in Regulation [], flexibility for a maximum quantity of 280 million tonnes of CO2 equivalent of these removals divided among Member States according to the figures in Annex III should be included as an additional possibility for Member States to meet their commitments when needed.

Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Article 7 to reflect a contribution of the accounting category managed forest land in the flexibility provided by that Article. Before adopting such a delegated act, the Commission should evaluate the robustness of accounting for managed forest land based on available data, and in particular the consistency of projected and actual harvesting rates. In addition, the possibility to voluntarily delete annual emission allocation units should be allowed under this Regulation in order to allow for such amounts to be taken into account when assessing Member States’ compliance with requirements under Regulation [].

Amendment 10

Proposal for a regulation
Recital 12 a (new)
Achieving, in a mutually coherent manner, the multiple Union objectives linked to the agricultural sector, including climate mitigation and adaptation, air quality, the conservation of biodiversity and ecosystem services and support for rural economies, will require changes in investment and incentives, supported by Union measures, such as the CAP. This Regulation, including the available flexibilities, should provide an incentive for emission reductions consistent with other Union climate and energy legislation for sectors that are covered by this Regulation, including in the area of energy efficiency. It is vital that this Regulation take into account the objective of contributing to the objectives of the Union Forest Strategy to promote a competitive and sustainable supply of wood for the Union bio-economy, the Member States' national forest policies, the Union Biodiversity Strategy and the Union Circular Economy Strategy.

Amendment 11

Proposal for a regulation
Recital 13

In order to ensure efficient, transparent and cost-effective reporting and verification of greenhouse gas emissions and of other information necessary to assess progress with Member State's annual emissions allocations, the requirements for annual reporting and evaluation under this Regulation are integrated with the relevant Articles under Regulation (EU) No. 525/2013, which should therefore be amended accordingly. The amendment of that Regulation should also ensure that...
progress of Member States in making emission reductions continues to be evaluated annually, taking into account progress in Union policies and measures and information from Member States. Every two years, the evaluation should include the projected progress of the Union towards meeting its reduction commitments and of Member States towards fulfilling their obligations. However, the application of deductions should only be considered at five-year intervals, so that the potential contribution from deforested land, afforested land, managed cropland and managed grassland taking place pursuant to Regulation [] can be considered. This is without prejudice to the duty of the Commission to ensure compliance with the obligations of Member States resulting from this Regulation or to the power of the Commission to initiate infringement proceedings for this purpose.

Amendment 12
Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter in order to assess its overall functioning. The review should take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement.

Amendment

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter in order to assess its overall functioning and Member States’ compliance. The review should help ensure that Member States are on course to meet their long-term greenhouse gas emission reduction goals and should be based on a preparatory report by the European Environment Agency, taking into account the Union’s objective to reduce economy-wide greenhouse gas emissions by 80-95% by 2050 compared to the 1990 levels, the goal of the Paris Agreement to achieve net-zero emissions in the second half of this century in a manner that does not
Amendment 13

Proposal for a regulation
Article 2 – paragraph 1

Text proposed by the Commission

1. This Regulation applies to the greenhouse gas emissions from IPCC source categories of energy, industrial processes and product use, agriculture and waste as determined pursuant to Regulation (EU) No 525/2013, excluding emissions from the activities listed in Annex I to Directive 2003/87/EC.

Amendment

1. This Regulation applies to the greenhouse gas emissions from IPCC source categories of energy, industrial processes and product use, agriculture and waste as determined pursuant to Regulation (EU) No 525/2013, excluding emissions from the activities listed in Annex I to Directive 2003/87/EC. The zero emission factor for biomass is only applied to bioenergy from waste and residues.

Amendment 14

Proposal for a regulation
Article 4a (new)

Text proposed by the Commission

Amendment

Article 4a

Long-term greenhouse gas emission
The Commission shall, by 2026, assess progress towards the Union’s long term greenhouse gas emission reduction goals and the Member States’ ability to meet their individual commitments, taking into account the results of the first global stocktake of the implementation of the Paris Agreement in 2023. The Commission shall use the information resulting from that assessment to ensure that Member States are on course to reduce emissions to 80 % below 1990 levels by 2050, taking into account those international objectives.

Amendment 15
Proposal for a regulation
Article 6 – paragraph 3 a (new)

Text proposed by the Commission

3a. In order to improve environmental integrity while enhancing flexibilities and at the same time address the limited mitigation potential in agriculture, access to the new flexibility set out in this Regulation shall be made conditional on the Member States concerned committing to mitigation measures in other sectors where insufficient results have been achieved in the past. The Commission is empowered to adopt delegated acts in accordance with Article 12 in order to supplement this Regulation by establishing a list of such measures and sectors before 2020.

Amendment 16
Proposal for a regulation
Article 6 – paragraph 3 b (new)
Text proposed by the Commission

Amendment

3b. Access to the flexibility set out in this Article and Annex II shall be granted on condition that the Member States concerned commit to taking measures in other sectors where insufficient results have been achieved in the past. The Commission is empowered to adopt delegated acts in accordance with Article 12 to supplement this Regulation by setting out a list of such measures and sectors by 31 December 2019.

Amendment 17

Proposal for a regulation
Article 7 – title

Text proposed by the Commission

Additional use of up to 280 million net removals from deforested land, afforested land, managed cropland and managed grassland

Amendment

Additional use of up to 425 million net removals from deforested land, afforested land, managed forest land, managed cropland and managed grassland

Amendment 18

Proposal for a regulation
Article 7 – paragraph 1 – introductory part

Text proposed by the Commission

1. To the extent that a Member State's emissions exceed its annual emission allocations for a given year, a quantity up to the sum of total net removals and total net emissions from the combined accounting categories of deforested land, afforested land, managed cropland and managed grassland referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that year, provided that:

Amendment

1. To the extent that a Member State's emissions exceed its annual emission allocations for a given year plus any emissions allocations banked pursuant to Article 5(3), a quantity up to the sum of total net removals and total net emissions from the combined accounting categories of deforested land, afforested land, managed forest land, managed cropland and managed grassland referred to in Article 2 of Regulation [ ] [LULUCF] may be taken into account for its compliance under Article 9 of this Regulation for that
year, provided that:

Amendment 19
Proposal for a regulation
Article 7 – paragraph 2

Text proposed by the Commission

Amendment

2. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the Commission shall be empowered to adopt a delegated act to modify paragraph 1 of this Article in order to reflect a contribution of the accounting category managed forest land in accordance with Article 12 of this Regulation.

Amendment 20
Proposal for a regulation
Article 8 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) actions that the Member State shall implement in order to meet its specific obligations under Article 4, through domestic policies and measures and the implementation of Union action;

Amendment 21
Proposal for a regulation
Article 9 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. In 2027 and 2032, if the reviewed greenhouse gas emissions of a Member State exceed its annual emission allocation

1. If a Member State exceeds its annual emission allocation for any specific year of the period, pursuant to paragraph 2
for any specific year of the period, pursuant to paragraph 2 of this Article and the flexibilities used pursuant to Articles 5 to 7, the following measures shall apply:

**Amendment 22**

**Proposal for a regulation**
**Article 9 – paragraph 1 – point b**

Text proposed by the Commission

(b) the Member State shall be temporarily prohibited from transferring any part of its annual emission allocation to another Member State until it is in compliance with this Regulation. The Central Administrator shall implement this prohibition in the registry referred in Article 11.

Amendment

(b) the Member State shall be prohibited from transferring any part of its annual emission allocation to another Member State until it is in compliance with this Regulation. The Central Administrator shall implement this prohibition in the registry referred in Article 11.

**Amendment 23**

**Proposal for a regulation**
**Article 12 – paragraph 2**

Text proposed by the Commission

2. The power to adopt delegated acts referred to in Article 7(2) and 11 of this Regulation shall be conferred on the Commission for an indeterminate period of time from the entry into force of this Regulation.

Amendment

2. The power to adopt delegated acts referred to in Article 6(3a) and (3b) and Article 11 of this Regulation shall be conferred on the Commission for an indeterminate period of time from the entry into force of this Regulation.

**Amendment 24**

**Proposal for a regulation**
**Article 12 – paragraph 3**

Text proposed by the Commission

3. The delegation of powers referred to in Article 7(2) and 11 may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall

Amendment

3. The delegation of powers referred to in Article 6(3a) and (3b) and Article 11 may be revoked at any time by the European Parliament or by the Council. A decision of
put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Amendment 25
Proposal for a regulation
Article 12 – paragraph 6

Text proposed by the Commission

6. A delegated act adopted pursuant to Article 7(2) and 11 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Amendment

6. A delegated act adopted pursuant to Article 6(3a) and (3b) Article 11 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Amendment 26
Proposal for a regulation
Article 14 – paragraph 1

Text proposed by the Commission

The Commission shall report to the European Parliament and to the Council by 28 February 2024 and every five years thereafter on the operation of this Regulation, its contribution to the EU’s overall 2030 greenhouse gas emission reduction target and its contribution to the goals of the Paris Agreement, and may make proposals if appropriate.

Amendment

The Commission shall report to the European Parliament and to the Council by 28 February 2024 following the first global stocktake of the implementation of the Paris Agreement in 2023 and subsequent global stocktakes and every 5 years thereafter on the operation of this Regulation, the consistency with other legislative acts, its contribution to the EU’s overall 2030 greenhouse gas emission
reduction target and its contribution to the goals of the Paris Agreement, and may make proposals if appropriate. *That report shall include progress made in leveraging and sustaining private finance in support of the long-term transition to a low-carbon economy. It shall be accompanied by a cost-effectiveness assessment and an assessment of the impact of mitigation activities on Union environmental and biodiversity objectives. It shall include an assessment of allocating Member State emission reduction targets on the basis of cost-effective and innovative emission reduction strategies rather than GDP per capita. If appropriate, the Commission shall present legislative proposals for emission reduction commitments for the period after 2030.*

### Amendment 27

**Proposal for a regulation**

**Annex III – title**

*Text proposed by the Commission*

TOTAL NET REMOVALS FROM DEFORESTED LAND, AFFORESTED LAND, MANAGED CROPLAND AND MANAGED GRASSLAND THAT MEMBER STATES MAY TAKE INTO ACCOUNT FOR COMPLIANCE FOR THE PERIOD 2021 TO 2030 PURSUANT TO ARTICLE 7

*Amendment*

TOTAL NET REMOVALS FROM DEFORESTED LAND, AFFORESTED LAND, MANAGED CROPLAND, **MANAGED FOREST LAND** AND MANAGED GRASSLAND THAT MEMBER STATES MAY TAKE INTO ACCOUNT FOR COMPLIANCE FOR THE PERIOD 2021 TO 2030 PURSUANT TO ARTICLE 7

### Amendment 28

**Proposal for a regulation**

**Annex III – table**

*Text proposed by the Commission*

Annex III
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Maximum total: 280

*Annex III*

TOTAL NET REMOVALS FROM DEFORESTED LAND, AFFORESTED LAND, FOREST MANAGEMENT, MANAGED CROPLAND AND MANAGED GRASSLAND THAT MEMBER STATES MAY TAKE INTO ACCOUNT FOR COMPLIANCE FOR THE PERIOD 2021 TO 2030 PURSUANT TO ARTICLE 7
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## PROCEDURE – COMMITTEE ASKED FOR OPINION

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<th>Binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change</th>
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<tr>
<td>Rapporteur</td>
<td>Nicola Caputo 30.8.2016</td>
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<td>Date appointed</td>
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| Result of final vote | +: 35  
:= 7  
0: 2 |
| Substitutes present for the final vote | Stefan Eck |
| Substitutes under Rule 200(2) present for the final vote | James Carver |
### FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>Daniel Buda, Michel Dantin, Albert Deß, Herbert Dorffmann, Norbert Erdlön, Esther Herranz García, Peter Jahr, Jarosław Kalinowski, Elisabeth Köstinger, Mairead McGuinness, Nuno Melo, Marijana Petir, Czesław Adam Siekierski</td>
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|   |   | 7 | - |
| EFDD |  |  | James Carver |
| GUE/NGL |  |  | Stefan Eck, Anja Hazekamp, Maria Lidia Senra Rodríguez |
| Verts/ALE |  |  | José Bové, Martin Häusling, Bronis Ropė |

|   |   | 2 | 0 |
| ENF |  |  | Edouard Ferrand, Philippe Loiseau |

**Key to symbols:**
- + : in favour
- - : against
- 0 : abstention
PROCEDURE – COMMITTEE RESPONSIBLE

| Title | Binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change |
| Date submitted to Parliament | 20.7.2016 |
| Committee responsible | ENVI 12.9.2016 |
| Discussed in committee | 24.1.2017 27.2.2017 |
| Date adopted | 30.5.2017 |
| Result of final vote | +: 42 |
| | −: 4 |
| | 0: 20 |
| Substitutes present for the final vote | Jørn Dohrmann, Eleonora Evi, Robert Jarosław Iwaszkiewicz, Merja Kyllönen, Stefano Maullu, James Nicholson, Christel Schaldemose |
| Substitutes under Rule 200(2) present for the final vote | Pál Csáky, Siôn Simon |
| Date tabled | 6.6.2017 |
## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

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</tbody>
</table>

* Correction of vote: Jørn Dohrmann had intended to abstain

Key to symbols:
+ : in favour
- : against
0 : abstention