



2021/0214(COD)

12.1.2022

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
establishing a carbon border adjustment mechanism
(COM(2021)0564 – C9-0328/2021 – 2021/0214(COD))

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PA_Legam

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 1

Text proposed by the Commission

(1) The Commission has, in its communication on the European Green Deal³¹, set out a new growth strategy that aims to transform the Union into a fair **and** prosperous society, with a modern, resource-efficient and competitive economy, where there are no net emissions (emissions after deduction of removals) of greenhouse gases ('GHG emissions') in 2050 and where economic growth is decoupled from resource use. The European Green Deal also aims to protect, conserve and enhance the **EU's** natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, that transformation must be just and inclusive, leaving no one behind. The Commission also announced in its EU Action Plan: Towards Zero Pollution for Air, Water and Soil³² the promotion of relevant instruments and incentives to better implement the polluter pays principle as set out in Article 191(2) of the Treaty on the Functioning of the European Union ('TFEU') and thus complete the phasing out of 'pollution for free' with a view to maximising synergies between decarbonisation and the zero pollution ambition.

Amendment

(1) The Commission has, in its communication on the European Green Deal³¹, set out a new **sustainable** growth strategy that aims to transform the Union into a fair, prosperous **and resilient** society, with a modern, resource-efficient, **circular** and competitive economy, where there are no net emissions (emissions after deduction of removals) of greenhouse gases ('GHG emissions') in 2050 and where economic growth is decoupled from resource use. The European Green Deal also aims to protect, conserve and enhance the **Union's** natural capital, **combat the decline of biodiversity** and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, that transformation must be **balanced**, just and inclusive, **creating sustainable growth and jobs and** leaving no one behind. **In addition, the European Green Deal aims to support the global efforts towards the achievement of the Sustainable Development Goals of the United Nations 2030 Agenda for Sustainable Development (UN SDGs) and the Paris Agreement.** The Commission also announced in its EU Action Plan: Towards Zero Pollution for Air, Water and Soil³² the promotion of relevant instruments and incentives to better implement the polluter pays principle as set out in Article 191(2) of the Treaty on the Functioning of the European Union

(‘TFEU’) and thus complete the phasing out of ‘pollution for free’ with a view to maximising synergies between decarbonisation and the zero pollution ambition.

³¹ Communication from the Commission of 11 December 2019 on the European Green Deal (COM(2019) 640 final).

³² Communication from the Commission of 12 May 2021 on Pathway to a Healthy Planet for All (COM(2021) 400).

³¹ Communication from the Commission of 11 December 2019 on the European Green Deal (COM(2019) 640 final).

³² Communication from the Commission of 12 May 2021 on Pathway to a Healthy Planet for All (COM(2021) 400).

Amendment 2

Proposal for a regulation Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) Article XX of the General Agreement on Tariffs and Trade (GATT) allows World Trade Organization (WTO) members to implement measures that are necessary to protect human, animal or plant life or health, or to conserve natural resources.

Amendment 3

Proposal for a regulation Recital 8

Text proposed by the Commission

Amendment

(8) As long as a significant number of the Union’s international partners have policy approaches that do not result in the same level of climate ambition, there is a risk of carbon leakage. Carbon leakage occurs if, for reasons of costs related to climate ***policies***, businesses in certain industry sectors or subsectors were to transfer production to other countries or imports from those countries would replace

(8) As long as a significant number of the Union’s international partners have ***very different*** policy approaches that do not result in the same level of climate ambition ***than that of the Union and lead to significant differences in the price of GHG emissions***, there is a risk of carbon leakage. ***That risk exists not only for industrial goods, but also potentially for agricultural products.*** Carbon leakage

equivalent but less GHG emissions intensive products. That could lead to an increase in their total emissions globally, thus jeopardising the reduction of GHG emissions that is urgently needed if the world is to keep the global average temperature to well below 2 °C above pre-industrial levels.

occurs if, for reasons of costs related to ***different levels of ambition in climate policy***, businesses in certain industry ***or trade*** sectors or subsectors were to transfer production to other countries or imports from those countries would replace equivalent but less GHG emissions intensive products. That could lead to an increase in their total emissions globally ***while undermining the effectiveness of Union emission reduction policies***, thus jeopardising the reduction of GHG emissions that is urgently needed if the world is to keep the global average temperature to well below 2 °C above pre-industrial levels.

Amendment 4

Proposal for a regulation Recital 9

Text proposed by the Commission

(9) The initiative for a carbon border adjustment mechanism ('CBAM') is ***a*** part of the 'Fit for 55 Package'. That mechanism is to serve as an essential element of the EU toolbox to meet the objective of a climate-neutral Union by 2050 in line with the Paris Agreement by addressing risks of carbon leakage resulting from the increased Union climate ambition.

Amendment

(9) The initiative for a carbon border adjustment mechanism ('CBAM') is ***an integral*** part of the 'Fit for 55 package'. That mechanism is to serve as an essential element of the EU toolbox to meet the objective of a climate-neutral Union by 2050 in line with the Paris Agreement by addressing risks of carbon leakage resulting from the increased Union climate ambition ***and the enhanced EU ETS certification system. That initiative should be combined with incentives for innovation, aimed to facilitate the decarbonisation process and policies aimed at promoting investments in low-carbon industrial processes.***

Amendment 5

Proposal for a regulation Recital 10

Text proposed by the Commission

(10) Existing mechanisms to address the risk of carbon leakage in sectors or sub-sectors at risk of carbon leakage are the transitional free allocation of EU ETS allowances and financial measures to compensate for indirect emission costs incurred from GHG emission costs passed on in electricity prices respectively laid down in Articles 10a(6) and 10b of Directive 2003/87/EC. However, free allocation under the EU ETS ***weakens the price signal that the system provides for the installations receiving it compared to full auctioning and thus affects the incentives for investment into further abatement of emissions.***

Amendment

(10) Existing mechanisms to address the risk of carbon leakage in sectors or sub-sectors at risk of carbon leakage are the transitional free allocation of EU ETS allowances and financial measures to compensate for indirect emission costs incurred from GHG emission costs passed on in electricity prices respectively laid down in Articles 10a(6) and 10b of Directive 2003/87/EC. However, free allocation under the EU ETS ***should be gradually phased-out, in line with Union's commitment and targets for decarbonisation and in order to comply with the WTO's trade rules and avoid double compensation.***

Amendment 6

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) The CBAM seeks to replace these existing mechanisms by addressing the risk of carbon leakage in a different way, namely by ensuring equivalent carbon pricing for imports and domestic products. To ensure a gradual transition from the current system of free allowances to the CBAM, the CBAM should be progressively phased in while free allowances in sectors covered by the CBAM are phased out. The combined and transitional application of EU ETS allowances allocated free of charge and of the CBAM should in no case result in more favourable treatment for Union goods compared to goods imported into the customs territory of the Union.

Amendment

(11) The CBAM seeks to replace these existing mechanisms by addressing the risk of carbon leakage in a different way, namely by ensuring equivalent carbon pricing for imports and domestic products. To ensure a gradual transition from the current system of free allowances to the CBAM, the CBAM should be progressively phased in while free allowances in sectors covered by the CBAM are phased out. ***CBAM should be transparent, proportionate and easy to administer and should avoid any undue financial and administrative burden on enterprises, especially small and medium-sized enterprises (SMEs).*** The combined and transitional application of EU ETS allowances allocated free of charge and of the CBAM should in no case result in more favourable treatment for Union goods compared to goods imported into the

customs territory of the Union *nor should lead to any market distortion. Therefore, the compatibility with WTO rules should be provided for by the phase out of free allowances in the Union market ensuring similar treatment of domestic and imported products based on the principle of non-discrimination.*

Amendment 7

Proposal for a regulation Recital 12

Text proposed by the Commission

(12) While the objective of the CBAM is to prevent the risk of carbon leakage, this Regulation would also encourage the use of more GHG emissions-efficient technologies by producers from third countries, so that less emissions per unit of output are generated.

Amendment

(12) While the objective of the CBAM is to prevent the risk of carbon leakage, this Regulation would also encourage the use of more GHG emissions-efficient technologies *and regenerative practices, for example in agriculture*, by producers from third countries, so that less emissions per unit of output are generated. *It would also encourage carbon pricing worldwide, thus enhancing a global level playing field. At the same time, the CBAM should be seen as a way of supporting industry through innovation and investment funding, contributing effectively to a just transition to a carbon-neutral economy and creating new job opportunities and economic growth, while maintaining the necessary safeguards to protect industrial competitiveness in the Union.*

Amendment 8

Proposal for a regulation Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) However, the problem of carbon leakage has to be seen in a broader context of the cumulative impact of the

Union's growing environmental ambitions, as expressed, inter alia, in the European Green Deal component strategies, on the competitiveness of the Union economy as a whole. The disparity in production standards and requirements between the Union and its external trading partners is evident not only in the sectors covered by the EU ETS scheme, but also, inter alia, in agriculture. Therefore, a two-pronged approach is needed: the combat against carbon leakage through CBAM should be accompanied by favourable investment and production conditions in the Union, involving, for example, the more effective use of agricultural organic matter, such as livestock manure to replace chemical fertilisers; financial incentives for innovation, for production of bio-fertilisers and soil improvers from agricultural biomass and digestates from biogas; the removal of administrative barriers and the reduction of adjustment costs, especially for SMEs and the agricultural sector to ensure that their competitiveness is preserved. New resources for this purpose should be made available.

Amendment 9

Proposal for a regulation

Recital 13

Text proposed by the Commission

(13) As an instrument to prevent carbon leakage and reduce GHG emissions the CBAM should ensure that imported products are subject to a regulatory system that applies carbon costs equivalent to the ones that otherwise would have been borne under the EU ETS. The CBAM is a climate measure which should prevent the risk of carbon leakage and support the Union's increased ambition on climate mitigation,

Amendment

(13) As an instrument to prevent carbon leakage and reduce GHG emissions, the CBAM should ensure that imported products are subject to a regulatory system that applies carbon costs equivalent to the ones that otherwise would have been borne under the EU ETS. The CBAM is a climate ***and environmental protection*** measure, which should prevent the risk of carbon leakage, ***promote carbon pricing globally, enhance decarbonisation in a cost-***

while ensuring WTO compatibility.

effective and technology-neutral way and support the Union's increased ambition on climate mitigation, while ensuring WTO compatibility. ***Support measures for farmers in adapting to changes in fertiliser price or sourcing should be made available under existing appropriate instruments, notably the CAP and the NextGenerationEU, rather than compromising the efficacy and WTO compatibility of the CBAM itself.***

Amendment 10

Proposal for a regulation Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) While not its main objective, the CBAM could also indirectly contribute to improving the Union's strategic resilience and autonomy, to shortening, making more sustainable and diversifying Union industries' supply chains in order to reduce overdependence on a few markets, to relocating industrial production in sectors of strategic importance to the Union, and to creating quality jobs at local level.

Amendment 11

Proposal for a regulation Recital 19

Text proposed by the Commission

Amendment

(19) However, while the EU ETS sets an absolute cap on the GHG emissions from the activities under its scope and allows tradability of allowances (so called 'cap and trade system'), the CBAM should not establish quantitative limits to import, so as to ensure that trade flows are not restricted. Moreover, while the EU ETS applies to installations based in the Union, the

(19) However, while the EU ETS sets an absolute cap on the GHG emissions from the activities under its scope and allows tradability of allowances (so called 'cap and trade system'), the CBAM should not establish quantitative limits to import, so as to ensure that trade flows are not restricted ***and that any unfair competition is prevented.*** Moreover, while the EU ETS

CBAM should be applied to certain goods imported into the customs territory of the Union.

applies to installations based in the Union, the CBAM should be applied to certain goods imported into the customs territory of the Union.

Amendment 12

Proposal for a regulation

Recital 28

Text proposed by the Commission

(28) Whilst the ultimate objective of the CBAM is a broad product coverage, it would be prudent to start with a selected number of sectors with relatively homogeneous products where there is a risk of carbon leakage. Union sectors deemed at risk of carbon leakage are listed in Commission Delegated Decision 2019/708⁴².

⁴² Commission Delegated Decision (EU) 2019/708 of 15 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council concerning the determination of sectors and subsectors deemed at risk of carbon leakage for the period 2021 to 2030 (OJ L 120, 8.5.2019, p. 2).

Amendment

(28) Whilst the ultimate objective of the CBAM is a broad product coverage, it would be prudent to start with a selected number of sectors with relatively homogeneous products where there is a ***potential*** risk of carbon leakage. Union sectors deemed at risk of carbon leakage are listed in Commission Delegated Decision (EU) 2019/708⁴². ***Any further extension of the sectors and products covered by the CBAM should take place after an exhaustive scientific analysis and risk assessment, based on the latest available scientific evidence. The potential contribution of such extension, and possible negative effects, as well as the effects on the stability of the internal market, should also be taken into consideration.***

⁴² Commission Delegated Decision (EU) 2019/708 of 15 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council concerning the determination of sectors and subsectors deemed at risk of carbon leakage for the period 2021 to 2030 (OJ L 120, 8.5.2019, p. 2).

Amendment 13

Proposal for a regulation

Recital 31 a (new)

Text proposed by the Commission

Amendment

(31a) The scope of the CBAM should be extended to agricultural products after the phasing-in period. Meanwhile, the Commission should monitor the stability of the Union agricultural markets and foresee the viability of agricultural production as effect of the implementation of the CBAM certificates for the sectors involved.

Amendment 14

Proposal for a regulation Recital 37 a (new)

Text proposed by the Commission

Amendment

(37a) The European Green Deal objectives in the agricultural sector could result in additional carbon leakage to third countries and in a loss of Union producers' competitiveness. In addition, the inclusion of fertilisers in the CBAM could lead to a further increase of agricultural production costs. The Union should therefore strengthen its support to promote sustainable fertiliser management by farmers in the Union and reduce fertiliser consumption through the use of digital systems, improved farming practices, investments in precision farming, increased cultivation of leguminous crops, support for organic farming and the financing of low-carbon agriculture projects.

Amendment 15

Proposal for a regulation Recital 37 b (new)

Text proposed by the Commission

Amendment

(37b) The Union's agricultural sector is one of the most productive and advanced in the world in terms of its commitment to climate and environmental protection.

However, one of the main challenges it will face once the European Green Deal strategies are developed is climate dumping from countries that make slow progress in adopting their greener agricultures. Therefore, the scope of the CBAM should be extended to agricultural products without undue delay, provided that this is done following a comprehensive impact assessment and a broad cross-sectoral consultation, and is compatible with the Union tariff system. The inclusion of agricultural products in the scope of the CBAM is all the more important as the agricultural sector will be both directly and indirectly affected by the inclusion of other products, notably fertilisers, steel and aluminium. The Commission is committed to continuously monitoring the stability of the Union internal market, including agricultural markets in particular, and to taking strong remedial actions, including through financial compensation to farmers, if the profitability and viability of agricultural production is seriously affected by the implementation of the new mechanism.

Amendment 16

Proposal for a regulation Recital 37 c (new)

Text proposed by the Commission

Amendment

(37c) The extension of the scope of the CBAM to imported agricultural products could usefully complement the legal framework aimed at minimising the Union's contribution to deforestation and forest degradation worldwide, to significantly reduce the total carbon footprint of the Union, and to encourage the agroecological transformation of the Union's agri-food systems and those of its trading partners, including through the reallocation of agricultural aid. Such an

agroecological transformation would reduce GHG emissions, protect and restore ecosystems, reduce the use of agrochemicals and associated pollution, promote sustainable consumption and production and food sovereignty. The Commission should assess the possibilities for such an extension of CBAM to imported agricultural products by 2030 at the latest.

Amendment 17

Proposal for a regulation Recital 50

Text proposed by the Commission

(50) A transitional period should apply during the period 2023 until 2025. A CBAM without financial adjustment should apply, with the objective to facilitate a smooth roll out of the mechanism hence reducing the risk of disruptive impacts on trade. Declarants should have to report on a quarterly basis the actual embedded emissions in goods imported during the transitional period, detailing direct and indirect emissions as well as any carbon price paid abroad.

Amendment

(50) A transitional period should apply during the period 2023 until 2025. A CBAM without financial adjustment should apply, with the objective to facilitate a smooth roll out of the mechanism hence reducing the risk of disruptive impacts on trade **and internal market competitiveness**. Declarants should have to report on a quarterly basis the actual embedded emissions in goods imported during the transitional period, detailing direct and indirect emissions as well as any carbon price paid abroad.

Amendment 18

Proposal for a regulation Recital 50 a (new)

Text proposed by the Commission

Amendment

(50a) The inclusion of some basic products in the CBAM, such as fertilisers, will have a significant impact on downstream sectors in the Union. However, given the impact of additional costs on the competitiveness of Union economic sectors, including the farming sector, a risk of carbon leakage cannot be

immediately ruled out. It seems appropriate to propose that the revenue from the CBAM be used as earmarked revenue in the Union budget with a view to offsetting both the cost of setting the mechanism up and the removal of free allowances, and to helping to finance transitional measures for Union economic sectors the competitiveness of which will be affected. The Commission should be empowered to set the arrangements for such a mechanism.

Justification

The inclusion of some basic products in the CBAM, such as fertilisers, will have a significant impact on European downstream sectors. However, given the impact of additional costs on the competitiveness of European economic sectors, including the European farming sector, a risk of carbon leakage cannot be immediately ruled out. It seems appropriate to propose that the revenue from the CBAM be used as earmarked revenue in the EU budget with a view to offsetting both the cost of setting the mechanism up and the removal of free allowances.

Amendment 19

Proposal for a regulation

Recital 51

Text proposed by the Commission

(51) To facilitate and ensure a proper functioning of the CBAM, the Commission should provide support to the competent authorities responsible for the application of this Regulation in carrying out their obligations.

Amendment

(51) To facilitate and ensure a proper functioning of the CBAM, the Commission should provide support to the competent authorities responsible for the application of this Regulation in carrying out their obligations ***as well as ensure that Member States' administrations are reimbursed for additional costs incurred as a result of implementing this Regulation.***

Amendment 20

Proposal for a regulation

Recital 51 a (new)

Text proposed by the Commission

Amendment

(51a) The Commission should establish clear and simplified rules and procedures to avoid excessive administrative and financial burdens associated with the management and the implementation of the CBAM, especially for SMEs.

Amendment 21

Proposal for a regulation Recital 51 b (new)

Text proposed by the Commission

Amendment

(51b) To facilitate and ensure a proper functioning of the CBAM and to avoid internal market distortions or excessive administrative burden for enterprises, in particular SMEs, the Commission should provide them with technical advice and technical assistance in order to facilitate their adaptation to the new obligations established by this Regulation and to avoid causing technical obstacles to trade.

Amendment 22

Proposal for a regulation Recital 52

Text proposed by the Commission

Amendment

(52) The Commission should evaluate the application of this Regulation before the end of the transitional period and report to the European Parliament and the Council. The report of the Commission should in particular *focus on possibilities to enhance climate actions towards the objective of a climate neutral Union by 2050. The Commission should, as part of that evaluation, initiate collection of information necessary to possibly extend the scope to indirect emissions*, as well as *to other goods and services at risk of carbon leakage, and to develop methods of calculating embedded emissions based on*

(52) The Commission should evaluate the application of this Regulation before the end of the transitional period and report to the European Parliament and the Council. The report of the Commission should, in particular, *assess as accurately as possible the real impact that the CBAM mechanism has on climate and environmental protection, the impact on the competitiveness and viability of the Union's economy, especially in the agricultural sector and on SMEs*, as well as *actual compliance costs. The report should also examine the effects on sustainable innovation and changes in*

the environmental footprint methods⁴⁷.

trade flows and supply chains, notably concerning fertilisers, and the effects on the prices of fertilisers and agricultural production. It should also assess the possibility of dedicating revenues obtained through CBAM to the financing of measures aimed at reducing carbon emissions and promoting more sustainable use of fertilisers in the Union. The effects of the potential extension of the scope of this Regulation to agriculture and agri-food products, and other products at risk of carbon leakage, as well as to indirect emissions, should also be evaluated. The Commission should also develop methods of calculating embedded emissions based on the environmental footprint methods⁴⁷.

⁴⁷ Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

⁴⁷ Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

Amendment 23

Proposal for a regulation Recital 52 a (new)

Text proposed by the Commission

Amendment

(52a) Agriculture is a sector of vital importance in terms of food supply, food security and food autonomy. Accordingly, the impact of the inclusion of fertilisers in the CBAM on Union agriculture, food supply, food security and food autonomy must be reviewed before the CBAM, including the financial adjustment for fertilisers, applies.

Amendment 24

Proposal for a regulation

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Recital 52 b (new)

Text proposed by the Commission

Amendment

(52b) In an effort to tackle sustainable development issues, particularly climate change, which are matters of global concern, the Union has been steadily raising its standards for many years. The European Green Deal and Farm to Fork Strategy may further raise standards in the Union with a view to achieving those goals. Farming sectors in the Union will therefore face carbon leakage to countries with less stringent climate requirements. As a result, the question of extending the scope of the CBAM to certain agricultural and agri-food products at risk of carbon leakage needs to be considered on the basis of information gathered during the transition period. The inclusion of agricultural and agri-food products in the scope of the CBAM is all the more important because the farming sector is likely to be both directly and indirectly affected by the inclusion of other products used as inputs that will affect its production costs.

Justification

An in-depth analysis needs to be carried out on the impact of the CBAM on downstream farming sectors and on whether to include agricultural products in the scope of the CBAM. Extending the scope of the CBAM to downstream farming sectors could be effective in preventing the risk of carbon leakage, but there are feasibility issues that need to be addressed before any decision is taken.

Amendment 25

Proposal for a regulation

Recital 53 a (new)

Text proposed by the Commission

Amendment

(53a) To facilitate the achievement of the objectives of this Regulation, to incentivise global climate action, both

within the Union and globally, and to support a market for low-carbon goods, continuous dialogue with all relevant stakeholders and Union's trade partners should be carried.

Amendment 26

Proposal for a regulation Recital 59 a (new)

Text proposed by the Commission

Amendment

(59a) The Commission needs to attach particular importance to keeping importers updated, enabling them to factor in at an early stage the internal costs of implementing the CBAM, such as those relating to emissions reporting, record keeping, calculation and documentation.

Amendment 27

Proposal for a regulation Recital 59 b (new)

Text proposed by the Commission

Amendment

(59b) The Commission should propose funding for investment in the modernisation of large GHG-intensive industrial sectors, channelling it into measures to help increase energy efficiency, with particular regard for Member States with lower incomes.

Amendment 28

Proposal for a regulation Article 1 – paragraph 1

Text proposed by the Commission

Amendment

1. This Regulation establishes a carbon border adjustment mechanism (the

1. This Regulation establishes a carbon border adjustment mechanism (the

‘CBAM’) for addressing greenhouse gas emissions embedded in the goods referred to in Annex I, upon their importation into the customs territory of the Union, in order to prevent the risk of carbon leakage.

‘CBAM’) for addressing greenhouse gas emissions embedded in the goods referred to in Annex I, upon their importation into the customs territory of the Union, in order to ***contribute to the gradual reduction of imported emissions, reduce the Union’s total carbon footprint***, prevent the risk of ***possible*** carbon leakage ***and encourage carbon pricing worldwide***.

Amendment 29

Proposal for a regulation

Article 2 – paragraph 5 – point a

Text proposed by the Commission

(a) the EU ETS established pursuant to Directive 2003/87/EC applies to that country or territory or an agreement has been concluded between that third country or territory and the Union fully linking the EU ETS and the third country or territory emission trading system;

Amendment

(a) the EU ETS established pursuant to Directive 2003/87/EC applies to that country or territory or an agreement has been concluded between that third country or territory and the Union fully linking the EU ETS and the third country or territory emission trading system ***and guaranteeing equal conditions for EU ETS participants and producers in those countries***;

Justification

Some states have introduced carbon pricing on the basis of the CBAM notice. The EU ETS has been in place for more than 10 years, being refined over five of those years. The CBAM is to apply from 2023 or 2026. CO2 emission pricing systems in other countries may not be at all proportionate to the burden caused by the EU ETS.

Amendment 30

Proposal for a regulation

Article 2 – paragraph 5 – point b

Text proposed by the Commission

(b) the price paid in the country where the goods are originating in is effectively charged on those goods without any rebate beyond those also applied in the EU ETS.

Amendment

(b) the price paid in the country where the goods are originating in is effectively charged on those goods without any rebate beyond those also applied in the EU ETS, ***and the conditions for both EU ETS***

participants and producers from those countries can demonstrably be considered equivalent.

Justification

Some states have introduced carbon pricing on the basis of the CBAM notice. The EU ETS has been in place for more than 10 years, being refined over five of those years. The CBAM is to apply from 2023 or 2026. CO2 emission pricing systems in other countries may not be at all proportionate to the burden caused by the EU ETS.

Amendment 31

Proposal for a regulation

Article 3 – paragraph 1 – point 28

Text proposed by the Commission

(28) ‘indirect emissions’ mean emissions from the production of ***electricity, heating and cooling***, which is consumed during the production processes of goods.

Amendment

(28) ‘indirect emissions’ mean emissions from the production of ***the goods referred to in Annex I***, which are consumed during the production processes of ***others*** goods.

Amendment 32

Proposal for a regulation

Article 3 – paragraph 1 – point 28 a (new)

Text proposed by the Commission

Amendment

(28a) ‘agricultural and food products’ mean products listed in Annex I to the TFEU, as well as products not listed in that Annex but processed for use as food using products listed in that Annex;

Justification

The concept of agricultural and food products needs to be clearly defined. The above definition comes from the 2019 directive on unfair commercial practices.

Amendment 33

Proposal for a regulation
Article 9 – paragraph 2

Text proposed by the Commission

2. The authorised declarant shall keep records of the documentation, certified by an independent person, required to demonstrate that the declared embedded emissions were subject to a carbon price in the country of origin of the goods and keep evidence of the proof of the actual payment for that carbon price which should not have been subject to an export rebate or any other form of compensation *on exportation*.

Amendment 34

Proposal for a regulation
Article 11 – paragraph 2

Text proposed by the Commission

2. **Member States shall require that** competent authorities exchange any information that is essential or relevant to the exercise of their functions and duties.

Amendment 35

Proposal for a regulation
Article 12 – paragraph 1

Text proposed by the Commission

The Commission shall assist the competent authorities in carrying out their obligations under this Regulation and coordinate their activities.

Amendment

2. The authorised declarant shall keep records of the documentation, certified by an independent person, required to demonstrate that the declared embedded emissions were subject to a carbon price in the country of origin of the goods and keep evidence of the proof of the actual payment for that carbon price which should not have been subject to an export rebate or any other form of compensation.

Amendment

2. **The** competent authorities **shall** exchange any information that is essential or relevant to the exercise of their functions and duties. **The European Union Agency for the Cooperation of Energy Regulators shall support the coordination between the competent authorities.**

Amendment

The Commission shall ensure that the activity of the competent authorities does not impose an excessive administrative burden or heavy compliance costs on Member States. The Commission shall assist the competent authorities, **providing support where requested**, in carrying out their obligations under this Regulation and

coordinate their activities.

Amendment 36

Proposal for a regulation Article 12 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

For the purpose of the first paragraph, the Commission shall establish clear and simplified rules and procedures, to avoid excessive administrative and financial burdens associated with the management and the implementation of CBAM, especially for SMEs.

Amendment 37

Proposal for a regulation Article 12 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

The Commission shall provide enterprises with technical advice and technical assistance in order to facilitate their adaptation to the obligations established by this Regulation.

Amendment 38

Proposal for a regulation Article 12 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

By [1 January 2024], the Commission shall publish detailed guidelines setting out the responsibilities of the competent authorities, the sources and principles of funding of their actions to fulfil the obligations imposed by this Regulation as well as a precise description of the responsibilities of, and procedures for, the national competent authorities in cases of

proven non-compliance with this Regulation.

Amendment 39

Proposal for a regulation Article 13 – paragraph 1

Text proposed by the Commission

All information acquired by the competent authority in the course of performing its duty which is by its nature confidential or which is provided on a confidential basis shall be covered by an obligation of professional secrecy. Such information shall not be disclosed **by** the competent **authority** without the express permission of the person or authority that provided it. It may be shared with customs authorities, the Commission and the European Public Prosecutors Office and shall be treated in accordance with Council Regulation (EC) No 515/97.

Amendment

All information acquired by the competent authority in the course of performing its duty which is by its nature confidential or which is provided on a confidential basis shall be covered by an obligation of professional secrecy. Such information shall not be disclosed **outside** the competent **authorities and the central administrator** without the express permission of the person or authority that provided it. It may be shared with customs authorities, the Commission and the European Public Prosecutors Office and shall be treated in accordance with Council Regulation (EC) No 515/97.

Amendment 40

Proposal for a regulation Article 21 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The Commission shall calculate the price of CBAM certificates as the average price of the closing prices of EU ETS allowances on the common auction platform in accordance with the procedures laid down in Commission Regulation (EU) No 1031/2010⁵⁴ for each calendar week.

Amendment

The Commission shall calculate the price of CBAM certificates as the average price of the closing prices of EU ETS allowances on the common auction platform in accordance with the procedures laid down in Commission Regulation (EU) No 1031/2010⁵⁴ for each calendar week. ***By applying Decision (EU) 2015/1814, the Commission establishes minimum and maximum prices for EU ETS allowances in order to enhance the efficiency and keep under control the social impacts of the transition and to avoid the possibility to circumvent the CBAM certificates***

system.

⁵⁴ Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC (OJ L 302, 18.11.2010, p. 1).

⁵⁴ Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC (OJ L 302, 18.11.2010, p. 1).

Amendment 41

Proposal for a regulation Article 30 – paragraph 1

Text proposed by the Commission

1. The Commission shall collect the information necessary with a view to extending the scope of this Regulation to indirect emissions and goods other than those listed in Annex I, **and** develop methods of calculating embedded emissions based on environmental footprint methods.

Amendment

1. The Commission shall collect the information necessary with a view to ***monitoring the impact of the CBAM on climate and environmental protection, on the competitiveness of the Union economy, especially in the agricultural and food sectors, and with regard to SMEs, on the viability of production facilities in the sectors covered by the Regulation, on the structure and volume of Union imports, on the costs to final customers and on developing countries. Based on the outcome of that scrutiny, the Commission shall examine the feasibility and relevance of*** extending the scope of this Regulation to indirect emissions and goods other than those listed in Annex I, ***including assessing the impact of the potential inclusion of agricultural and agri-food products. The Commission shall also*** develop methods of calculating embedded emissions based on environmental footprint methods ***and ensure an efficient and transparent verification and control system to guarantee the accuracy of the information received from third-country producers.***

Amendment 42

Proposal for a regulation
Article 30 – paragraph 2

Text proposed by the Commission

2. Before the end of the transitional period, the Commission shall present a report to the European Parliament and the Council on the application of this Regulation. The report shall contain, in particular, **the** assessment of the possibilities to further extend the scope of embedded emissions to indirect emissions and to other goods at risk of carbon leakage than those already covered by this Regulation, **as well as an** assessment of the governance system. **It shall also contain the** assessment of the possibility to further extend the scope to embedded emissions of transportation services as well as to goods further down the value chain and services that may be subject to the risk of carbon leakage in the future.

Amendment

2. Before the end of the transitional period, the Commission shall present a report to the European Parliament and the Council on the application of this Regulation. The report shall contain, in particular:

- (a) **an** assessment of the possibilities to further extend the scope of embedded emissions to indirect emissions and to other goods at risk of carbon leakage than those already covered by this Regulation;
- (b) **an** assessment of the governance system;
- (c) **an** assessment of the possibility to further extend the scope to embedded emissions of transportation services as well as to goods further down the value chain and services that may be subject to the risk of carbon leakage in the future;
- (d) **an assessment of the real impact on climate and environmental protection;**
- (e) **an assessment of the impact on the competitiveness and viability of the Union's economy;**
- (f) **an assessment of the impact on Union's imports;**
- (g) **an identification of the effects on sustainable innovation and changes in**

trade flows, supply chains and prices with regards to fertilisers and agricultural sector;

(h) an identification of the effects on Union enterprises, including a quantitative assessment of impacts, specifically on SMEs, and actual compliance cost;

(i) an assessment of the effects from the potential extension of the scope of this Regulation to agricultural and food products and its potential implications;

(j) an assessment of whether the carbon embedded in the short-lived harvested wood products, accounted for in the land use, land use change and forestry sector, should be covered by this Regulation;

(k) an evaluation of the possibility of earmarking revenues from CBAM to promote measures contributing to reducing Union carbon emissions and to reduce the agriculture's dependence on fertilisers.

Amendment 43

Proposal for a regulation Article 33 – paragraph 2

Text proposed by the Commission

2. The customs authorities shall, at the moment of the release of those goods for free circulation at the latest, inform the declarant of the obligation referred to in paragraph 1.

Amendment

2. The customs authorities shall, at the moment of the release of those goods for free circulation at the latest, inform the declarant of the obligation referred to in paragraph 1. ***The Commission shall ensure that the new obligations imposed on customs authorities under this Regulation do not impose an excessive administrative burden or create substantial compliance cost.***

Amendment 44

Proposal for a regulation
Article 35 – paragraph 2 – point d

Text proposed by the Commission

(d) the carbon price due in a country of origin for the embedded emissions in the imported goods, which is not subject to an export rebate or other form of compensation ***on exportation***.

Amendment

(d) the carbon price due in a country of origin for the embedded emissions in the imported goods, which is not subject to an export rebate or other form of compensation.

Amendment 45

Proposal for a regulation
Article 36 – paragraph 3 – point a

Text proposed by the Commission

(a) Articles 32 to 34 shall apply until ***31 December 2025***.

Amendment

(a) Articles 32 to 34 shall apply until ***the end of the year in which the Commission has evaluated the application of this Regulation, reported to the European Parliament and the Council and the European Parliament has given its consent to the full application of the CBAM, including the financial adjustment***.

Amendment 46

Proposal for a regulation
Article 36 – paragraph 3 – point d

Text proposed by the Commission

(d) Articles 4, 6, 7, 8, 9, 14, 15, 16, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 31 shall apply from 1 January ***2026***.

Amendment

(d) Articles 4, 6, 7, 8, 9, 14, 15, 16, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 31 shall apply from 1 January ***of the year after the Commission has evaluated the application of this Regulation, reported to the European Parliament and the Council and the European Parliament has given its consent to the full application of the CBAM, including the financial adjustment***.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Establishing a carbon border adjustment mechanism
References	COM(2021)0564 – C9-0328/2021 – 2021/0214(COD)
Committee responsible Date announced in plenary	ENVI 13.9.2021
Opinion by Date announced in plenary	AGRI 11.11.2021
Rapporteur for the opinion Date appointed	Zbigniew Kuźmiuk 17.9.2021
Date adopted	11.1.2022
Result of final vote	+: 27 –: 3 0: 18
Members present for the final vote	Mazaly Aguilar, Clara Aguilera, Atidzhe Alieva-Veli, Álvaro Amaro, Attila Ara-Kovács, Carmen Avram, Benoît Biteau, Mara Bizzotto, Daniel Buda, Asger Christensen, Angelo Ciocca, Ivan David, Paolo De Castro, Jérémy Decerle, Salvatore De Meo, Herbert Dorfmann, Dino Giarrusso, Francisco Guerreiro, Martin Häusling, Martin Hlaváček, Krzysztof Jurgiel, Jarosław Kalinowski, Elsi Katainen, Gilles Lebreton, Norbert Lins, Chris MacManus, Colm Markey, Alin Mituța, Marlene Mortler, Ulrike Müller, Maria Noichl, Juozas Olekas, Pina Picierno, Maxette Pirbakas, Bronis Ropè, Anne Sander, Petri Sarvamaa, Simone Schmiedtbauer, Annie Schreijer-Pierik, Marc Tarabella, Veronika Vrecionová, Sarah Wiener, Juan Ignacio Zoido Álvarez
Substitutes present for the final vote	Eric Andrieu, Manuel Bompard, Petros Kokkalis, Zbigniew Kuźmiuk, Cristina Maestre Martín De Almagro

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

27	+
ECR	Mazaly Aguilar, Krzysztof Jurgiel, Zbigniew Kuźmiuk, Veronika Vrecionová
ID	Mara Bizzotto, Angelo Ciocca, Gilles Lebreton, Maxette Pirbakas
PPE	Colm Markey, Anne Sander, Annie Schreijer-Pierik
Renew	Atidzhe Alieva-Veli, Asger Christensen, Jérémy Decerle, Martin Hlaváček, Elsi Katainen, Alin Mituța, Ulrike Müller
S&D	Clara Aguilera, Eric Andrieu, Attila Ara-Kovács, Carmen Avram, Paolo De Castro, Cristina Maestre Martín De Almagro, Juozas Olekas, Pina Picierno, Marc Tarabella

3	-
S&D	Maria Noichl
The Left	Manuel Bompard, Petros Kokkalis

18	0
ID	Ivan David
NI	Dino Giarrusso
PPE	Álvaro Amaro, Daniel Buda, Salvatore De Meo, Herbert Dorfmann, Jarosław Kalinowski, Norbert Lins, Marlene Mortler, Petri Sarvamaa, Simone Schmiedtbauer, Juan Ignacio Zoido Álvarez
The Left	Chris MacManus
Verts/ALE	Benoît Biteau, Francisco Guerreiro, Martin Häusling, Bronis Ropé, Sarah Wiener

Key to symbols:

+ : in favour

- : against

0 : abstention