



2021/0214(COD)

29.10.2021

DRAFT 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))

Rapporteur for opinion: Zbigniew Kuźmiuk

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 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. Free allocation under the EU ETS **remains an effective tool to increase the attractiveness of production and investment within the Union, reducing the risk of carbon leakage. In addition, keeping free allowances and including them in the calculation of the CBAM levy paid by importers can result in lower price increases in CBAM sectors as well as in sectors benefiting from CBAM products, especially agriculture.**

Or. en

Amendment 2

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,

Amendment

(11) The CBAM seeks to **complement** these existing mechanisms by addressing the risk of carbon leakage in **an additional**

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.

way, namely by ensuring equivalent carbon pricing for imports and domestic products. To ensure a ***smooth complementation of*** the current system of free allowances ***with*** the CBAM, the CBAM should be phased in ***progressively and on the basis of a continuous analysis of the real impact of the new mechanism on the stability of the internal market as well as on the competitiveness of Union production***. 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.

Or. en

Amendment 3

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 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 ETC scheme, but also, inter alia, in agriculture. Therefore, a two-pronged approach is needed: the combat against carbon leakage through CBAM should be combined with the creation of additional favourable conditions for investment and production within the Union, including by way of financial incentives for innovation, the removal of administrative barriers and the reduction of compliance costs,

especially for SMEs and the agricultural sector.

Or. en

Amendment 4

Proposal for a regulation Recital 37 a (new)

Text proposed by the Commission

Amendment

(37a) 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 Union's 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.

Or. en

Amendment 5

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.***

Or. en

Amendment 6

Proposal for a regulation Recital 52

Text proposed by the Commission

(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 the environmental footprint methods¹⁹.

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 ***assess as accurately as possible the real impact that the CBAM mechanism has on climate and environmental protection, on the competitiveness and viability of the Union economy, especially in the agricultural sector and with regard to SMEs, on the viability of installations in the sectors covered by this Regulation as well as on the structure and volume of Union imports.*** The Commission should, as part of that evaluation, initiate collection of information necessary to possibly extend the scope to ***the agricultural sector and other goods and services at risk of carbon***

leakage, as well as to indirect emissions,
and to develop methods of calculating
embedded emissions based on the
environmental footprint methods¹⁹.

¹⁹ 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).

¹⁹ 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).

Or. en

Amendment 7

Proposal for a regulation Article 1 – paragraph 3

Text proposed by the Commission

3. The mechanism will **progressively**
become **an alternative** to the mechanisms
established under Directive 2003/87/EC to
prevent the risk of carbon leakage, **notably**
the allocation of allowances free of
charge in accordance with Article 10a of
that Directive.

Amendment

3. The mechanism will become
complementary to the mechanisms
established under Directive 2003/87/EC to
prevent the risk of carbon leakage.

Or. en

Justification

Pursuant to the proposal, the CBAM certificates surrendered by EU importers shall be reduced by the free allowances obtained through the EU ETS. This means that as long as EU industry benefits from free allowances, a lower CBAM is imposed on imports, which reduces the impact of the mechanism on downstream sectors, including agriculture. Conversely, removing free ETS allowances will raise the cost of imports for these sectors. It is therefore in the interest of EU agriculture to keep free ETS allowances to limit the impact of CBAM on farmers. This is particularly relevant at a time when rising energy costs inflate fertiliser prices to the detriment of EU farmers.

Amendment 8

Proposal for a regulation Article 12 – paragraph 1 a (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 breaches of this Regulation.

Or. en

Amendment 9

Proposal for a regulation Article 30 – paragraph 1

Text proposed by the Commission

Amendment

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.

1. The Commission shall collect the information necessary with a view to ***monitoring the impact of the CBAM mechanism on climate and environmental protection, on the competitiveness of the Union economy, especially in the agricultural sector 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, and on the costs to final customers.***

On the basis of the results of the scrutiny of that data, 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, giving high priority to assessing the impact of including agricultural products in the

scope of the Regulation, and develop methods of calculating embedded emissions based on environmental footprint methods.

Or. en

Amendment 10

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.***

Or. en