



2020/2043(INI)

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DRAFT OPINION

of the Committee on Economic and Monetary Affairs

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

towards a WTO-compatible EU carbon border adjustment mechanism
(2020/2043(INI))

Rapporteur for opinion (*): Luis Garicano

(*) Associated committee – Rule 57 of the Rules of Procedure

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SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Believes that the main aim of the carbon border adjustment mechanism (CBAM) should be to support the EU's green objectives by fighting carbon leakage;
2. Proposes that the CBAM be implemented as an extension of the EU emissions trading system (EU ETS), which would require importers to purchase allowances for the volume of carbon emissions incorporated in their products; notes that the mechanism should ensure a single carbon price, both for domestic producers and importers;
3. Urges that the proposed CBAM apply to all imports in order to avoid distortion in the internal market;
4. Recommends that a design be introduced that measures the carbon content of imports through their basic materials composition (as outlined in the proposal from the European Economic and Social Committee); recalls that this feasible approximation would weigh each basic material covered by the EU ETS and multiply it by its carbon intensity value – which ideally should be defined at country level; stresses, however, that importers who are more carbon efficient should be allowed to demonstrate the specific carbon intensity of their products;
5. Requests that the implementation of the CBAM should lead to the progressive phasing out of the free allocation of allowances, following an appropriate transition period, since the mechanism ensures that EU producers and importers would have to deal with the same carbon costs in the EU market; notes that this phasing out should be coupled in parallel with the introduction of export rebates in order to maintain strong decarbonisation incentives, while ensuring a level playing field for EU exports;
6. Stresses that importers from third countries should not pay twice for the carbon content embodied in its products;
7. Calls for the inclusion of CBAM revenues into the EU budget;
8. Believes that the above proposal is compatible with World Trade Organization rules, since it does not discriminate between producers, is based on objective criteria and has a clear environmental objective.