



**2020/2043(INI)**

25.1.2021

# **COMPROMISE AMENDMENTS**

## **1 - 22**

**Draft report**

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(PE648.519v01-00)

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



## **Compromise Amendment 1**

**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 1-13

### **Amendment 1**

**Motion for a resolution**

**Citation 1**

*Motion for a resolution*

- having regard to the Agreement adopted at the 21st Conference of the Parties to the UNFCCC (COP21) in Paris on 12 December 2015 (the Paris Agreement),

*Amendment*

- having regard to the Agreement adopted at the 21st Conference of the Parties to the UNFCCC (COP21) in Paris on 12 December 2015 (the Paris Agreement),

Or. en

### **Amendment 1**

**Motion for a resolution**

**Citation 2**

*Motion for a resolution*

- having regard to the special report of the Intergovernmental Panel on Climate Change (IPCCC) entitled ‘Global Warming of 1.5°C’,

*Amendment*

- having regard to the special report of the Intergovernmental Panel on Climate Change (IPCCC) entitled ‘Global Warming of 1.5°C’, **and the IPCC special report on the ocean and cryosphere,**

Or. en

### **Amendment 1**

**Motion for a resolution**

**Citation 2 a (new)**

*Motion for a resolution*

*Amendment*

- **having regard to the UN Environment Programme’s Emissions Gap Report 2019**

Or. en

**Amendment 1**  
**Motion for a resolution**  
**Citation 3**

*Motion for a resolution*

- having regard to the Commission communication of 11 December 2019 on ‘The European Green Deal’

*Amendment*

- having regard to the Commission communication of 11 December 2019 on ‘The European Green Deal’

Or. en

**Amendment 1**  
**Motion for a resolution**  
**Citation 4 a (new)**

*Motion for a resolution*

- ***having regard to the conclusions and recommendations of the European Court of Auditors in its special report 18/2020, entitled ‘The EU’s Emissions Trading System: free allocation of allowances needed better targeting’,***

Or. en

**Amendment 1**  
**Motion for a resolution**  
**Citation 4 b (new)**

*Motion for a resolution*

- ***having regard to its resolution of 28th November 2019 on the Climate and Environment Emergency,***

Or. en

**Amendment 1**  
**Motion for a resolution**  
**Citation 5**

*Motion for a resolution*

- having regard to its resolution of 15 January 2020 on the European Green Deal<sup>1</sup>,

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<sup>1</sup> Texts adopted, P9\_TA(2020)005.

*Amendment*

- having regard to its resolution of 15 January 2020 on the European Green Deal<sup>1</sup>,

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<sup>1</sup> Texts adopted, P9\_TA(2020)005.

Or. en

**Amendment 1**  
**Motion for a resolution**  
**Citation 5 a (new)**

*Motion for a resolution*

*Amendment*

- *having regard to the Parliament's position on the 2030 climate target calling for 60% greenhouse gas emissions' reduction compared to 1990 level<sup>1a</sup>,*

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*<sup>1a</sup> Amendments adopted by the European Parliament on 8 October 2020 on the proposal for a regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law)*

Or. en

**Compromise Amendment 2**  
**EPP, S&D, RE, Greens, The Left**  
Compromise amendment replacing Amendments: 15-19, 23

**Amendment 2**  
**Motion for a resolution**  
**Recital A**

*Motion for a resolution*

A. whereas the adverse impacts of climate change represent a direct threat to

*Amendment*

A. whereas the adverse impacts of climate change represent a direct threat to

human livelihoods and ecosystems, as confirmed by the Special Report by the Intergovernmental Panel on Climate Change (IPCC) on Global Warming of 1.5°C;

human livelihoods and *terrestrial and marine* ecosystems, as confirmed by the Special Report by the Intergovernmental Panel on Climate Change (IPCC) on Global Warming of 1.5°C, *and the IPCC special report on the ocean and cryosphere; whereas these impacts show an uneven distribution, with most adverse effects on poorer countries and people;*

Or. en

**Amendment 2**  
**Motion for a resolution**  
**Recital A a (new)**

*Motion for a resolution*

*Amendment*

*A a. whereas according to the World Health Organization (WHO), as of 2030 climate change is expected to contribute to approximately 250 000 additional deaths per year, from malnutrition, malaria, diarrhoea and heat stress;*

Or. en

**Compromise Amendment 3**  
**EPP, S&D, RE, Greens, The Left**  
Compromise amendment replacing Amendments: 20-22

**Amendment 3**  
**Motion for a resolution**  
**Recital B**

*Motion for a resolution*

*Amendment*

B. whereas the average global temperature has already risen *by about* 1.1°C above pre-industrial levels;

B. whereas the average global temperature has already risen *past* 1.1°C above pre-industrial levels;<sup>1a</sup>

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<sup>1a</sup> *World Meteorological Organization (WMO): Statement on the State of the Global Climate in 2019*  
<https://library.wmo.int/index.php?lvl=noti>

**Compromise Amendment 4**  
**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 24-31, 34-36, 44, 75, 81, 91, 229, 234, 258, 260, 262, 264, 265, 283, 293

**Amendment 4**  
**Motion for a resolution**  
**Recital C**

*Motion for a resolution*

C. whereas the Union and its Member States are committed to delivering climate action on the basis of the latest available scientific evidence;

*Amendment*

C. whereas the Union and its Member States are committed ***on the basis of the Paris Agreement*** to delivering climate action on the basis of the latest available scientific evidence ***and they have now the objective of achieving climate neutrality at the latest by 2050;***

**Amendment 4**  
**Motion for a resolution**  
**Recital C a (new)**

*Motion for a resolution*

***C a. whereas the EU has managed in the last decades to successfully decouple territorial greenhouse gas emissions from economic growth, with greenhouse gas emissions falling by 24% while GDP grew by more than 60% between 1990 and 2019; whereas this does not take into account the Union's emissions embedded in its international trade and therefore underestimate its global carbon footprint;***

**Amendment 4**  
**Motion for a resolution**  
**Recital C b (new)**

*Motion for a resolution*

*Amendment*

***C b. whereas in 2015 the ratio of imported to exported emissions in the Union was 3:1 as the Union imported 1317 million tonnes of CO<sub>2</sub> and exported 424 million tonnes<sup>1a</sup>;***

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***<sup>1a</sup> Paola Fezzigna, Simone Borghesi, Dario Caro (2019), Revising Emission Responsibilities through Consumption-Based Accounting: A European and Post-Brexit Perspective (<https://www.mdpi.com/2071-1050/11/2/488>)***

Or. en

**Amendment 4**  
**Motion for a resolution**  
**Recital C c (new)**

*Motion for a resolution*

*Amendment*

***C c. whereas the Commission should continue its work on methodologies for the determination of a product's carbon and environmental footprint, taking into account a full life-cycle approach and ensuring that accounting of embedded emissions of products are as close to reality as possible, including emissions from international transport;***

Or. en

**Amendment 4**  
**Motion for a resolution**  
**Recital C d (new)**

*Motion for a resolution*

*Amendment*

***C d. whereas about 27% of global CO<sub>2</sub> emissions from fuel combustion are currently related to goods that are internationally traded<sup>1a</sup>; whereas 90% of goods are transported by sea at international level, leading to significant GHG emissions; whereas only GHG emissions from domestic waterborne navigation were included in the EU's initial NDC; whereas this is subject to revision in light of the EU's enhanced 2030 target;***

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***<sup>1a</sup> OECD (2020), CO<sub>2</sub> emissions embodied in international trade and domestic final demand: methodology and results using the OECD inter-country input-output database***

Or. en

**Amendment 4**  
**Motion for a resolution**  
**Recital C e (new)**

*Motion for a resolution*

*Amendment*

***C e. whereas the COVID-19 crisis has brought important lessons, and that the Commission's proposal for a new instrument for recovery, "Next Generation EU", underlines therefore the need to strengthen European autonomy and resilience as well as short circuits, in particular shorter food supply chains;***

Or. en

**Amendment 4**  
**Motion for a resolution**  
**Recital C f (new)**

*Motion for a resolution*

*Amendment*

*C f. whereas the Commission should study the traceability of products and services in order to identify more precisely all the impacts of their life cycles, such as the extraction and use of materials, the manufacturing process and the use of energy, and the mode of transport used, with the aim of setting up databases;*

Or. en

**Amendment 4**  
**Motion for a resolution**  
**Recital C g (new)**

*Motion for a resolution*

*Amendment*

*C g. whereas it is essential for the Commission to have an integrated vision of climate policies, for example by addressing emission reduction targets, such as those for maritime transport, in coordination with carbon pricing strategies;*

Or. en

**Compromise Amendment 5**  
**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 37-43, 45, 65, 71

**Amendment 5**  
**Motion for a resolution**  
**Recital D**

*Motion for a resolution*

*Amendment*

D. whereas ensuring effective and meaningful carbon pricing, as part of a broader regulatory environment, can act as an economic incentive to spur investments in the decarbonisation of the Union's economy;

D. whereas ensuring effective and meaningful carbon pricing, as part of a broader regulatory environment, can act as an economic incentive to **production methods with lower GHG footprint and can** spur investments in **innovation and new technologies, providing for** the decarbonisation **and circularity** of the Union's economy; **whereas an effective Carbon Border Adjustment Mechanism**

*can play a role in that context;*

Or. en

**Amendment 5**  
**Motion for a resolution**  
**Recital D a (new)**

*Motion for a resolution*

*Amendment*

***D a. whereas trade can be an important tool to promote sustainable development and to help fight climate change; whereas the EU's single market is the world's second largest consumer market, which gives the Union a unique position as a global standard setter;***

Or. en

**Amendment 5**  
**Motion for a resolution**  
**Recital D b (new)**

*Motion for a resolution*

*Amendment*

***D b. whereas combating climate change is a factor in competitiveness and social justice, and offer major potential in terms of industrial development, job creation, innovation and regional development;***

Or. en

**Amendment 5**  
**Motion for a resolution**  
**Recital D c (new)**

*Motion for a resolution*

*Amendment*

***D c. whereas the EU should accept that a third country set up a carbon border adjustment mechanism if this country implements a higher carbon price;***

## **Compromise Amendment 6**

**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 32, 50-64, 66, 67, 76, 78

### **Amendment 6**

**Motion for a resolution**

**Recital E**

*Motion for a resolution*

E. whereas existing carbon leakage provisions **under Union law have failed to demonstrate their effectiveness in delivering the** necessary decarbonisation of **the sectors concerned**;

*Amendment*

E. *whereas existing Union law has been effective in delivering the climate goals adopted so far; whereas the current design of the EU ETS, in particular the existing carbon leakage provisions, has not provided effective incentives for the necessary decarbonisation of certain sectors, in particular industrial sectors, and has led, in some cases, to unjustified windfall profits for the beneficiary companies as highlighted by the European Court of Auditors<sup>1a</sup>;*

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*<sup>1a</sup> ECA Special Report 18/2020, The EU's Emissions Trading System: free allocation of allowances needed better targeting*

## **Compromise Amendment 7**

**EPP, S&D, RE, Greens**

Compromise amendment replacing Amendments: 69-70, 105

### **Amendment 7**

**Motion for a resolution**

**Recital E b (new)**

*Motion for a resolution*

*Amendment*

*E b. whereas the US President Joe Biden has taken favourable stance in his electoral platform to "impose carbon*

*adjustment fees or quotas on carbon-intensive goods from countries that are failing to meet their climate and environment obligations"; whereas this would open a new opportunity for cooperation between the EU and the US in fighting climate change and restoring this key partnership;*

Or. en

## **Compromise Amendment 8**

**EPP, S&D, RE, ID, Greens, ECR, The Left**

Compromise amendment replacing Amendments: 46, 73, 74, 126, INTA 1 (3rd part), ECON 2 (1st part), ITRE 9 (1st part), BUDG 4 (1st part)

### **Amendment 8**

**Motion for a resolution**

**Recital E c (new)**

*Motion for a resolution*

*Amendment*

*E c. whereas the EU's increased ambition on climate change should not lead to the risk of carbon leakage for European industries;*

Or. en

## **Compromise Amendment 9**

**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 82-86

### **Amendment 9**

**Motion for a resolution**

**Paragraph 1**

*Motion for a resolution*

*Amendment*

1. Is deeply concerned that currently none of the Nationally Determined Contributions (NDCs) submitted, including those of the Union and its Member States, are in line with the objective of pursuing efforts to limit the global temperature increase to 1.5°C above pre-industrial

1. Is deeply concerned that currently none of the Nationally Determined Contributions (NDCs) submitted, including those of the Union and its Member States, are in line with the objective of **holding the global temperature increase, as provided by the Paris Agreement, to well below**

levels;

**2°C, while** pursuing efforts to limit the global temperature increase to 1.5°C above pre-industrial levels;

Or. en

## **Compromise Amendment 10**

**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 92-102, ITRE 1

### **Amendment 10**

**Motion for a resolution**

**Paragraph 2**

*Motion for a resolution*

2. ***Strongly deplores the non-cooperative and disloyal behaviour*** of some of the Union's trade partners in international climate negotiations, as recently observed at COP25; ***considers that this behaviour hampers*** our collective global ability to reach the objectives of the Paris Agreement;

*Amendment*

2. ***Is concerned by the lack of cooperation*** of some of the Union's trade partners in international climate negotiations ***over the past years and*** as recently observed at COP25 ***which undermines our*** collective global ability to reach the objectives of the Paris Agreement; ***encourages all parties to support a collective and science-based global effort that can deliver the achievement of these goals; calls on the Commission and Council to uphold a transparent, fair and inclusive decision-making process in the UNFCCC;***

Or. en

## **Compromise Amendment 11**

**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 89, 90, 106, 108-120, 122, 124, ITRE 2

### **Amendment 11**

**Motion for a resolution**

**Paragraph 3**

*Motion for a resolution*

3. Stresses that the Union ***has*** the responsibility and opportunity to ***assume*** a

*Amendment*

3. Stresses that the Union ***and its Member States have*** the responsibility and opportunity to ***continue assuming*** a

leading role in global climate action;

leading role in global climate action *along with the other leading global emitters; points that the Union has been leading global climate action as proven by the adoption of the objective to reach climate neutrality by 2050 at the latest and the plan to raise its 2030 GHG reduction target; strongly encourages the Commission and the Member States to intensify their climate diplomacy ahead and after the adoption of the legislative proposal for a CBAM, and ensure in particular continuous dialogue with trade partners, to incentivise global climate action; stresses the need of a parallel diplomatic effort to ensure that the EU's neighbourhood countries are engaged early on;*

Or. en

## **Compromise Amendment 12**

**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 127-144, INTA 1(1st part)

### **Amendment 12**

#### **Motion for a resolution**

#### **Paragraph 4**

##### *Motion for a resolution*

4. Takes note of the Commission's proposal to set the Union's 2030 climate target to 'at least 55 % net emissions reduction' compared to 1990 levels; highlights, however, *that this target does not represent the Union's highest possible ambition, nor does it reflect the principle of equity and common but differentiated responsibilities;*

##### *Amendment*

4. Takes note of the Commission's proposal to set the Union's 2030 climate target to 'at least 55 % net emissions reduction' compared to 1990 levels; highlights however *that the European Parliament adopted a higher 2030 target of 60% emission reductions compared to 1990;*

Or. en

## **Compromise Amendment 13**

**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 33, 145-151, 154, 233, INTA 1 (5th part)

**Amendment 13**  
**Motion for a resolution**  
**Paragraph 5**

*Motion for a resolution*

5. Notes that the Union had reduced its domestic greenhouse gas (GHG) emissions **by 23.2 % below 1990 levels in 2018, while at the same time** its GHG emissions embedded in **international trade** have been constantly rising, thereby undermining the Union's efforts to reduce its global footprint; underlines that the net imports of goods and services in the EU represent more than 20 % of the Union's domestic CO<sub>2</sub> emissions;

*Amendment*

5. Notes that **while** the Union had **substantially** reduced its domestic greenhouse gas (GHG) emissions, its GHG emissions embedded in **imports to the EU** have been constantly rising, thereby undermining the Union's efforts to reduce its global **GHG** footprint; underlines that the net imports of goods and services in the EU represent more than 20 % of the Union's domestic CO<sub>2</sub> emissions; **considers that the GHG content of imports should be better monitored in order to identify possible measures to reduce the EU's global GHG footprint;**

Or. en

**Compromise Amendment 14**  
**EPP, S&D, RE, Greens**

Compromise amendment replacing Amendments: 104, 156-174, 176, 177, 180, 196-198, 201, 230, 232, 287, 292, 385, ECON 1, ECON 2 (2nd part), INTA 2 (1st & 3rd parts), INTA 3, ITRE 5, ITRE 20, BUDG 2

**Amendment 14**  
**Motion for a resolution**  
**Paragraph 6**

*Motion for a resolution*

6. Supports the introduction of a Carbon Border Adjustment Mechanism (CBAM) as **a way to reduce global GHG emissions in the pursuit of** the Paris Agreement objectives; states unequivocally that this mechanism should **serve** to better address GHG emissions embedded in international trade, **thereby incentivising climate action both within the Union and by our trading partners, and not as** an instrument for protectionism;

*Amendment*

6. Supports the introduction of a **WTO-compatible** Carbon Border Adjustment Mechanism (CBAM) as **it would create an incentive for European industries and EU trade partners to decarbonize their industries, and therefore support both EU and global climate policies towards GHG neutrality in line with** the Paris Agreement objectives; states unequivocally that **that a CBAM should be exclusively designed to further climate objectives and not be misused as a tool to enhance protectionism, unjustifiable**

*discrimination or restrictions; stresses that this mechanism should support the EU's green objectives, and in particular to better address GHG emissions embedded in EU industry and in international trade while being non-discriminatory and striving for a global level playing field;*

Or. en

**Amendment 14**  
**Motion for a resolution**  
**Paragraph 6 a (new)**

*Motion for a resolution*

*Amendment*

**6 a.** *Stresses that Least Developed Countries (LDCs) and Small Island Developing States (SIDS) should be given special treatments in order to take into account their specificities and the potential negative impacts of the mechanism on their development;*

Or. en

**Compromise Amendment 15**  
**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 175, 181-192, 195, 202, 204, 290, 294 (2nd part), 312, 363, 383, 384, 388, 395, ITRE 7, ITRE 8

**Amendment 15**  
**Motion for a resolution**  
**Paragraph 7**

*Motion for a resolution*

*Amendment*

7. Reiterates that the introduction of a CBAM should be part of a broader Union industrial policy that is both environmentally ambitious and socially fair, aiming at steering a decarbonised reindustrialisation of Europe that will create local jobs and ensure the competitiveness of the European economy while *fulfilling* the Union's climate

7. Reiterates that the introduction of a CBAM should be part of a *package of legislative measures to ensure the swift reduction of GHG emissions related to EU production and consumption, in particular by upscaling energy efficiency and renewable energies; stresses that it should come as a complement to policies aimed at enabling and promoting*

ambition;

*investments in low-carbon industrial processes, including through innovative financing tools, the new action plan for a circular economy and a broader Union industrial policy that is both environmentally ambitious and socially fair, aiming at steering a decarbonised reindustrialisation of Europe that will create local **quality** jobs and ensure the competitiveness of the European economy while **at the same time** fulfilling the Union's climate ambition **and that can offer predictability and certainty to realise investments towards climate-neutrality;***

Or. en

**Amendment 15**  
**Motion for a resolution**  
**Paragraph 7 a (new)**

*Motion for a resolution*

*Amendment*

**7 a. *Emphasises that product standards can ensure low-carbon, resource-efficient manufacturing as well as help to guarantee minimal negative environmental impacts from product use; asks therefore the Commission to propose, as a complement to the introduction of a CBAM, more ambitious and binding norms and standards on products placed on the EU market in terms of GHG emission reduction, resource and energy-savings, in support of the Sustainable Product Policy Framework and the new EU Circular Economy Action Plan;***

Or. en

**Compromise Amendment 16**  
**EPP, S&D, RE, Greens**

Compromise amendment replacing Amendments: 205-227, 231, 380, 396, ECON 4, INTA 7 (2nd part), ITRE 12, ITRE 25, BUDG 3(1st part), BUDG 5 (3rd part)

**Amendment 16**  
**Motion for a resolution**  
**Paragraph 8**

*Motion for a resolution*

8. Considers that a CBAM should cover all imports, but that as a starting point already by 2023 it should cover the power sector and energy-intensive industrial sectors like cement, steel, chemicals and fertilisers, which continue to receive substantial free allocations, and still represent 94 % of Union industrial emissions;

*Amendment*

8. Considers that, ***in order to avoid possible distortions in the internal market and along the value chain,*** a CBAM should cover all imports ***of products and commodities covered by the EU ETS, including when embedded in intermediate or final products;*** stresses that as a starting point already by 2023, ***and following an impact assessment,*** it should cover the power sector and energy-intensive industrial sectors like cement, steel, ***aluminium, oil refinery, paper, glass,*** chemicals and fertilisers, which continue to receive substantial free allocations, and still represent 94 % of Union industrial emissions;

Or. en

**Compromise Amendment 17**  
**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 152, 235-256, ECON 5 (1st part), INTA 11, ITRE 17, ITRE 18 (2nd part), BUDG 8

**Amendment 17**  
**Motion for a resolution**  
**Paragraph 9**

*Motion for a resolution*

9. Underlines that the GHG emissions content of imports concerned should be accounted for on the basis of transparent and reliable product-specific benchmarks ***representing*** the global average GHG emissions content of individual products; considers that the carbon pricing of imports should also take into account the country-specific carbon intensity of the electricity grid;

*Amendment*

9. Underlines that the GHG emissions content of imports concerned should be accounted for on the basis of transparent and reliable ***up-to-date*** product-specific benchmarks ***at the level of the installations in third countries but, by default, if data is not made available by the importer,*** the global average GHG emissions content of individual products ***disaggregated by different production methods with varying emission intensities should be accounted for;*** considers that the carbon pricing of

imports should *cover both direct and indirect emissions and therefore* also take into account the country-specific carbon intensity of the electricity grid *or if data is made available by the importer the carbon intensity of the energy consumption at the installation level*;

Or. en

## **Compromise Amendment 18**

**S&D, RE, Greens**

Compromise amendment replacing Amendments: 193-194, 199-200, 266-282, 314-315, 338, 340-343, 346, 348-350, 352 (1st part), 358-359, ECON 3 (1st-3rd-4th-6th parts), INTA 5 (parts 1+3), INTA 6, INTA 11, ITRE 26, BUDG 3 (part 2), BUDG 5 (part 2)

### **Amendment 18**

**Motion for a resolution**

**Paragraph 9 a (new)**

*Motion for a resolution*

*Amendment*

**9 a.** *Notes that the Commission is currently assessing all the different options for the introduction of a CBAM, ranging from tax instruments to mechanisms relying on the EU ETS; stresses that the modalities for the design of a CBAM should be explored alongside the revision of the EU ETS so as to ensure their complementarity and coherence, and avoid overlapping that would lead to double protection of EU industries; underlines the importance of a transparent process leading to a CBAM, including through carefully assessing and comparing the effectiveness, efficiency and legal feasibility of different forms of a CBAM with a view to reduce total global GHG emissions; insists that the primary aim of the CBAM is environmental and thus environmental criteria should play an essential role in the choice of instrument, ensuring a predictable and sufficiently high carbon price that incentivises decarbonisation investments in order to fulfil the aims of the Paris*

**Amendment 18**  
**Motion for a resolution**  
**Paragraph 10**

*Motion for a resolution*

10. Stresses that carbon pricing under the CBAM should mirror the dynamic evolution of the price of Union allowances under the EU Emissions Trading System (EU ETS); ***points out that the introduction of a rising carbon floor price under the EU ETS could ensure predictability under the CBAM while also ensuring a stronger price signal within the EU;***

*Amendment*

10. ***Considers that in order to address the potential risk of carbon leakage while complying with WTO rules, the CBAM needs to charge the carbon content of imports in a way that mirrors the carbon costs paid by EU producers;*** stresses that carbon pricing under the CBAM should mirror the dynamic evolution of the price of Union allowances under the EU Emissions Trading System (EU ETS) ***while ensuring predictability and reduced volatility in the price of carbon; is of the opinion that importers should buy allowances from a separate pool of allowances to the EU ETS, whose carbon price corresponds to the carbon price of the day of the transaction in the EU ETS; underlines that the introduction of the CBAM is only one of the measures leading to the implementation of European Green Deal objectives and must be accompanied by necessary measures in non-ETS sectors as well as an ambitious reform of the EU ETS to ensure it delivers meaningful carbon pricing fully respecting the polluter pays principle and contribute to the necessary GHG emissions reduction in line with the updated 2030 Union climate target and the objective of reaching net zero GHG emissions within the Union by 2050 at the latest, including by addressing the linear reduction factor, a rebasing of the cap and assessing the potential need for a carbon floor price;***

## Compromise Amendment 19

S&D, RE, Greens, The Left

Compromise amendment replacing Amendments: 296-311, 313, 316, 335, 389, ECON 9, BUDG 4(2nd part)

### Amendment 19

Motion for a resolution

Paragraph 11

*Motion for a resolution*

11. Points out that a CBAM is *not per se incompatible* with WTO rules, *and highlights the necessity for any CBAM to be designed with* the highest environmental integrity *in mind*;

*Amendment*

11. *Calls on the Commission to pursue multilateral WTO reforms that bring international trade law in line with the goals of the Paris Agreement and other aspects of international law, especially the ILO conventions*; points out that a CBAM is *compatible* with WTO rules *if it is designed with a clear environmental objective in mind to reduce global GHG emissions, and is ensuring* the highest environmental integrity;

Or. en

### Amendment 19

Motion for a resolution

Paragraph 11 a (new)

*Motion for a resolution*

*11 a. Underlines that the CBAM can contribute in part to the sustainable development goals; recalls that the promotion of decent work is also a sustainable development goal and urges the Commission to ensure goods placed on the EU market are produced under conditions that respect the ILO conventions*;

Or. en

## Compromise Amendment 20

## **EPP, S&D, RE, Greens**

Compromise amendment replacing Amendments: 263, 284-286, 288, 318-332, 336-337, 339, 362, 367, 398, INTA 1 (4th part), INTA 6, ECON 6 (1st part), ITRE 6 (2nd part), ITRE 9 (2nd part), ITRE 10, ITRE 21

### **Amendment 20**

#### **Motion for a resolution**

##### **Paragraph 12**

###### *Motion for a resolution*

12. Underlines the principle of non-discrimination under GATT Article III; stresses that treating imports and domestic production in the same way is a key criterion for ensuring WTO compatibility of any measure, ***and that, therefore, all existing measures on carbon leakage under Union law should immediately cease to apply as soon as the CBAM enters into force, as this mechanism would apply carbon pricing to imports similar to what is applied to EU installations under the EU ETS;***

###### *Amendment*

12. Underlines the principle of non-discrimination under GATT Article III; stresses that treating imports and domestic production in the same way is a key criterion for ensuring WTO compatibility of any measure; ***emphasises that the CBAM should constitute an alternative to existing measures on carbon leakage under Union law in sectors covered by the EU ETS in so far as it would create a level playing field between EU domestic and foreign producers by applying a charge on the embodied carbon emissions of all goods in those sectors, regardless of their origin, and thereby ensuring full protection against carbon leakage for European industry and avoiding emission transfers to third countries; emphasises that the implementation of the CBAM should therefore go hand in hand with the parallel, gradual, rapid and eventual complete phase out of those measures for the sectors concerned so as to avoid double protection for EU installations, assessing the impact on exports and dependent sectors along the value chain; emphasises that the design of the CBAM should follow a simple principle whereby one tonne of carbon should not be protected twice;***

Or. en

## **Compromise Amendment 21**

### **EPP, S&D, RE, Greens**

Compromise amendment replacing Amendments: 123, 333, 345, 347, 351, 352 (2nd part), 353-357, 360-361, 364, 365, 397, ECON 6 (2nd part), ITRE 22, BUDG 3 (part 3)

**Amendment 21**  
**Motion for a resolution**  
**Paragraph 13**

*Motion for a resolution*

13. ***Calls on the Commission to address this concern during the upcoming reform of the EU ETS, ensuring the EU ETS delivers, through ambitious and meaningful carbon pricing, on the necessary GHG emissions reduction in line with the updated 2030 Union climate target and the objective of reaching net zero GHG emissions within the Union by 2050 at the latest, fully respecting the polluter pays principle;*** stresses that export rebates risk creating perverse climate effects, incentivising less efficient production methods for European exporting industries; urges the Commission to refrain from including export rebates in its proposal;

*Amendment*

13. ***Underlines the importance of ensuring a global level-playing field for the competitiveness of European industries without leading to harmful effects on climate and the environment;*** urges *therefore* the Commission to *consider the possible introduction of export rebates only if it can fully demonstrate their positive impact on climate and their compatibility with WTO rules; stresses that, to avoid creating perverse climate effects by incentivising less efficient production methods for European exporting industries and ensure compatibility with WTO, any form of potential export support should be transparent, proportionate and not lead to any kind of competitive advantages for EU exporting industries in third countries, and that it should be strictly limited to the most efficient installations so as to maintain GHG reduction incentives for EU exporting companies;*

Or. en

**Compromise Amendment 22**  
**EPP, S&D, RE, Greens, The Left**

Compromise amendment replacing Amendments: 178, 368-379, 381-382, 387, 390-391, 394, ECON 8, INTA 9, BUDG 1, BUDG 7, BUDG 10 (part 2), ITRE 23, ITRE 24

**Amendment 22**  
**Motion for a resolution**  
**Paragraph 14**

*Motion for a resolution*

14. Supports the Commission's intention to use revenues generated by the CBAM as new own resources for the EU budget, and asks the Commission to ensure full transparency about the use of those

*Amendment*

14. Supports the Commission's intention to use revenues generated by the CBAM as new own resources for the EU budget, and asks the Commission to ensure full transparency about the use of those

revenues; believes these revenues should be earmarked for supporting the just transition and decarbonisation of Europe's economy, and for stepping up the Union's contribution to international climate finance in favour of Least Developed Countries and Small Island Developing States, which are most vulnerable to climate change;

revenues; ***highlights however that the budgetary role of the CBAM should only be a by-product of the instrument;*** believes ***those new*** revenues should ***allow for an increased support to climate action and the objectives of the Green Deal such as the just transition and the*** decarbonisation of Europe's economy, and for stepping up the Union's contribution to international climate finance in favour of Least Developed Countries and Small Island Developing States, which are most vulnerable to climate change, ***in particular to support them to undergo an industrialization process based on clean and decarbonised technologies;*** ***calls on the Commission to take into account the social effects of the mechanism in its upcoming proposal in view of minimising those;*** ***stresses that the revenues generated from a CBA mechanism should by no mean be used as disguised subsidies to high polluting European industries, which would ultimately compromise its compatibility with the WTO;***

Or. en

**Amendment 22**  
**Motion for a resolution**  
**Paragraph 14 a (new)**

*Motion for a resolution*

*Amendment*

***14 a. Stresses that the implementation of the mechanism must be accompanied by the removal of all forms of environmentally harmful subsidies granted to energy-intensive industries at national level; calls on the Commission to evaluate the different practices of Member States in that matter in light of the polluter pays principle;***

Or. en