



Plenary sitting

A9-0019/2021

15.2.2021

REPORT

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

Committee on the Environment, Public Health and Food Safety

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

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

The European Parliament,

- having regard to the Agreement adopted at the 21st Conference of the Parties (COP21) to the UN Framework Convention on Climate Change (UNFCCC) in Paris on 12 December 2015 (the Paris Agreement),
- having regard to the UN Environment Programme Emissions Gap Report 2019,
- having regard to the special reports of the Intergovernmental Panel on Climate Change (IPCC) on global warming of 1.5 °C and on the ocean and cryosphere,
- having regard to the Commission communication of 11 December 2019 on the European Green Deal (COM(2019)0640),
- having regard to the Commission communication of 17 September 2020 on stepping up Europe's 2030 climate ambition (COM(2020)0562) and its accompanying impact assessment (SWD(2020)0176),
- having regard to the European Council conclusions of 12 December 2019 and of 17-21 July 2020,
- having regard to its resolution of 23 July 2020 on the conclusions of the extraordinary European Council meeting of 17-21 July 2020¹,
- having regard to the conclusions and recommendations of the European Court of Auditors in its special report No 18/2020 of 15 September 2020 entitled 'The EU's Emissions Trading System: free allocation of allowances needed better targeting',
- having regard to its resolution of 28 November 2019 on the climate and environment emergency²,
- having regard to its resolution of 15 January 2020 on the European Green Deal³,
- having regard to its position on the 2030 climate target, namely a 60 % reduction in greenhouse gas emissions compared with 1990 levels⁴,
- having regard to Rule 54 of its Rules of Procedure,

¹ Texts adopted, P9_TA(2020)0206.

² Texts adopted, P9_TA(2019)0078.

³ Texts adopted, P9_TA(2020)0005.

⁴ 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), Texts adopted, P9_TA(2020)0253.

- having regard to the opinions of the Committee on International Trade, the Committee on Economic and Monetary Affairs, the Committee on Budgets and the Committee on Industry, Research and Energy,
 - having regard to the report of the Committee on the Environment, Public Health and Food Safety (A9-0019/2021),
- A. whereas the adverse impacts of climate change represent a direct threat to human livelihoods and terrestrial and marine ecosystems, as confirmed by the IPCC special reports on global warming of 1.5 °C and on the ocean and cryosphere; whereas these impacts are unevenly distributed, with most adverse effects being felt by poorer countries and people;
 - B. 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;
 - C. whereas the average global temperature has already risen past 1.1 °C above pre-industrial levels⁵;
 - D. whereas the EU and its Member States are committed under the Paris Agreement to delivering climate action on the basis of the latest available scientific evidence and now have the objective of achieving climate neutrality by 2050 at the latest;
 - E. whereas over the past few decades, the EU has managed to successfully decouple territorial greenhouse gas (GHG) emissions from economic growth, with GHG emissions falling by 24 %, while GDP grew by more than 60 % between 1990 and 2019; whereas this does not take into account the EU's emissions embedded in its international trade and therefore underestimates its global carbon footprint;
 - F. whereas in 2015 the ratio of imported to exported emissions in the EU was approximately 3:1, with 1.317 billion tonnes of CO₂ imported and 424 million tonnes exported⁶;
 - G. whereas existing EU law has been effective in delivering the climate goals adopted so far; whereas the current design of the Emission Trading System (EU ETS), in particular the existing provisions on carbon leakage, has not provided effective incentives for the necessary decarbonisation of certain sectors, notably in industry, and has in some cases led to unjustified windfall profits for the beneficiary companies, as highlighted by the European Court of Auditors⁷;
 - H. whereas the Commission should continue its work on developing methodologies to ascertain a product's carbon and environmental footprint, by employing a full life cycle approach and ensuring that the accounting of embedded emissions in products reflect reality as far as possible, including emissions from international transport;

⁵ World Meteorological Organization (WMO), 'Statement on the State of the Global Climate in 2019'.

⁶ Fezzigna, P., Borghesi, S., Caro, D., 'Revising Emission Responsibilities through Consumption-Based Accounting: A European and Post-Brexit Perspective' in *Sustainability*, 17 January 2019.

⁷ See ECA Special Report No 18/2020.

- I. whereas the Commission should also 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, the use of energy, and the mode of transport used, with the aim of setting up databases;
- J. whereas around 27 % of global CO₂ emissions from fuel combustion currently relate to internationally traded goods⁸; whereas 90 % of international goods transport is carried out at sea, leading to significant GHG emissions; whereas only GHG emissions from domestic waterborne navigation were included in the EU's initial nationally determined contribution (NDC); whereas this is subject to revision in light of the EU's enhanced 2030 target;
- K. whereas the COVID-19 crisis has delivered some important lessons, hence why the Commission's proposal for a new recovery instrument – Next Generation EU – underlines the need to strengthen European autonomy and resilience and the need for short circuits, in particular shorter food supply chains;
- L. whereas it is essential that the Commission has 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;
- M. whereas ensuring effective and meaningful carbon pricing as part of a broader regulatory environment can serve as an economic incentive to develop production methods with a lower GHG footprint and can spur investments in innovation and new technologies, providing for the decarbonisation and circularity of the EU's economy; whereas an effective Carbon Border Adjustment Mechanism (CBAM) can play a role in that context;
- N. whereas trade can be an important tool to promote sustainable development and help fight climate change; whereas the EU's single market is the world's second-largest consumer market, putting the Union in a unique position as a global standard setter;
- O. whereas combating climate change is a factor in competitiveness and social justice and offers major potential in terms of industrial development, job creation, innovation and regional development;
- P. whereas 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 (b), or natural resources (g);
- Q. whereas the EU should accept that a third country can set up a CBAM if that country implements a higher carbon price;
- R. whereas US President Biden has taken a favourable stance through his electoral platform to seek to 'impose carbon adjustment fees or quotas on carbon-intensive goods from countries that are failing to meet their climate and environment obligations';

⁸ Organisation for Economic Co-operation and Development (OECD), 'CO₂ emissions embodied in international trade and domestic final demand: methodology and results using the OECD inter-country input-output database', 23 November 2020.

whereas this would create a new opportunity for cooperation between the EU and the US in fighting climate change and restoring this key partnership;

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

General remarks

1. Is deeply concerned that currently none of the NDCs submitted, including those of the EU and its Member States, are in line with the objective of keeping the global temperature increase, as provided by the Paris Agreement, to well below 2 °C, while pursuing efforts to limit the global temperature increase to 1.5 °C above pre-industrial levels;
2. Is concerned by the lack of cooperation by some of the EU's trade partners in international climate negotiations over the past few years, which, as recently observed at COP25, 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 the Council to uphold a transparent, fair and inclusive decision-making process in the UNFCCC;
3. Stresses that the EU and its Member States have the responsibility and opportunity to continue assuming a leading role in global climate action along with the other leading global emitters; points out that the EU has been leading global climate action, as evidenced by its adoption of the objective to achieve climate neutrality by 2050 at the latest and its plan to scale up its 2030 GHG emission reduction target; strongly encourages the Commission and the Member States to intensify their climate diplomacy ahead of and after the adoption of the legislative proposal for a CBAM and, in particular, to ensure continuous dialogue with trade partners in order to incentivise global climate action; stresses the need for concurrent diplomatic efforts to ensure that the EU's neighbourhood countries are engaged early on;
4. Highlights the central role of citizens and consumers in the energy transition, and the importance of stimulating and supporting consumer choice in order to reduce the effects of climate change by promoting sustainable activities and collateral benefits that lead to a higher quality of life;
5. Takes note of the Commission's proposal to set the EU's 2030 climate target to 'at least 55 % net emissions reduction' compared to 1990 levels; highlights the fact, however, that Parliament adopted a higher target of 60 %;
6. Notes that while the EU had substantially reduced its domestic GHG emissions, the 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 CO₂ 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;

Designing a WTO-compatible CBAM

7. Supports the introduction of a CBAM, provided that it is compatible with WTO rules and EU free trade agreements (FTAs) by not being discriminatory or constituting a disguised restriction on international trade; considers that as such, a CBAM would create an incentive for European industries and EU trade partners to decarbonise their industries and therefore support both EU and global climate policies towards GHG neutrality in line with the Paris Agreement objectives; states unequivocally that a CBAM should be exclusively designed to advance 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, 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;
8. Stresses that Least Developed Countries and Small Island Developing States should be given special treatment in order to take account of their specificities and the potential negative impacts of the CBAM on their development;
9. Recalls the specific constraints and challenges facing the outermost regions, compounded, in particular, by their remoteness, their insularity and the limited size of their market, and calls for the CBAM to give special consideration to their specific characteristics, in accordance with Article 349 of the Treaty on the Functioning of the European Union (TFEU);
10. Reiterates that the introduction of a CBAM should be part of a package of legislative measures to ensure the swift reduction of GHG emissions deriving from EU production and consumption, in particular by scaling up energy efficiency and renewable energies; stresses that the CBAM should be coupled with policies aimed at enabling and promoting investments in low-carbon industrial processes, including through innovative financing tools, the new Circular Economy Action Plan and a broader EU industrial policy that is both environmentally ambitious and socially fair, with a view to steering a decarbonised reindustrialisation of Europe to create quality jobs at a local level and ensure the competitiveness of the European economy, while fulfilling the EU's climate ambition and offering predictability and certainty to secure investments towards climate neutrality;
11. Emphasises that product standards can ensure low-carbon, resource-efficient manufacturing as well as help to guarantee minimal negative environmental impacts from product use; therefore asks 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 and savings on resources and energy, in support of the Sustainable Product Policy Framework and the new Circular Economy Action Plan;
12. Considers that in order to prevent 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, the CBAM 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 EU industrial emissions;

13. Underlines that the GHG emissions content of imports should be accounted for on the basis of transparent, reliable and up-to-date product-specific benchmarks at the level of the installations in third countries and that, as a default, if data is not made available by the importer, account should be taken of the global average GHG emissions content of individual products, broken down by different production methods with varying emission intensities; 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 level of the installation;
14. Notes that the Commission is currently assessing all the different options for the introduction of a CBAM, ranging from tax instruments to mechanisms using 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 they are complementary and consistent, and to avoid overlapping that would lead to double protection of EU industries; underlines the importance of a transparent process behind a CBAM, including by engaging with the WTO and the EU's trading partners in coordination with the European Parliament and carefully assessing and comparing the effectiveness, efficiency and legal feasibility of different forms of a CBAM with a view to reducing total global GHG emissions; insists that the primary aim of the CBAM is environmental and that environmental criteria should therefore play an essential role in the choice of instrument, ensuring a predictable and sufficiently high carbon price that incentivises decarbonisation investments in order to realise the aims of the Paris Agreement;
15. Stresses the importance of assessing the impacts of each option on the living standards of consumers, especially those belonging to more vulnerable groups, as well as their impact on revenue; calls on the Commission to also include in the impact assessment the consequences for the EU budget of the revenue generated from the CBAM as an own resource, depending on the design and modalities chosen;
16. 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 EU allowances under the EU ETS while ensuring predictability and less 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 that of the day of the transaction in the EU ETS; underlines that the introduction of the CBAM is only one of the measures in the implementation of the European Green Deal objectives and must also be accompanied by the necessary measures in non-ETS sectors as well as an ambitious reform of the EU ETS to ensure it delivers meaningful carbon pricing that fully respects the polluter pays principle, and to contribute to the necessary GHG emissions reduction in line with the EU's updated 2030 climate target and 2050 net zero GHG emissions target, including by addressing the linear reduction factor, a rebasing of the cap and assessing the potential need for a carbon floor price;

17. Highlights that an excise duty (or tax) on the carbon content of all consumed products, both domestic and imported, would not fully address the risk of carbon leakage, would be technically challenging given the complexity of tracing carbon in global value chains and might place a significant burden on consumers; acknowledges that a fixed duty or tax on imports could be a simple tool to give a strong and stable environmental price signal for imported carbon; believes, however, that given its fixed nature, such a tax would be a less flexible tool to mirror the evolving price of the EU ETS; stresses that, in practice, an evolving tax that automatically mirrors the price of the EU ETS would be equivalent to a notional ETS; acknowledges that, should the CBAM be of a fiscal nature, there is a possibility that a mechanism based on Article 192(2) of the TFEU would be introduced;
18. Stresses that importers should have the option to prove, in accordance with EU standards for monitoring, reporting and verification of the EU ETS, that the carbon content of their products is lower than those values, and avail of a payable amount adapted accordingly, to encourage innovation and investment in sustainable technologies across the world; considers that this should not impose a disproportionate burden on SMEs; highlights that the implementation of the mechanism will need to be underpinned by a set of EU standards that will prevent it from being circumvented or misused, and will require strong independent infrastructure in order to be administered;
19. Stresses that the CBAM should ensure that importers from third countries are not charged twice for the carbon content of their products to ensure they are treated on an equal footing and without discrimination; calls on the Commission to assess carefully the impact of the different CBAM options on Least Developed Countries;
20. Highlights that unlike the ETS, the mechanism should not treat burning wood for fuel as carbon neutral and within the revised and updated framework the carbon embedded in logged wood and depleted soil should have a price;
21. Urges the Commission to minimise the risk of exporters to the EU trying to bypass the mechanism or compromise its effectiveness, for example by re-routing production between markets or exporting semi-finished goods;

Trade-related aspects of a CBAM

22. Calls for the Paris Agreement and its 1.5 °C goal to become one of the main guiding principles of trade policy, to which all trade initiatives and their policy tools must be adjusted, by including it in, inter alia, FTAs as an essential element; is convinced that such a purpose-built trade policy can be an important driver in steering economies towards decarbonisation in order to achieve the climate objectives set in the Paris Agreement and the European Green Deal;
23. Expresses its deep concern over the erosion of the multilateral trading system; calls on the Commission to actively engage with trade partners' governments to ensure a continued dialogue on this initiative, thereby providing incentives for climate action both within the Union and by its trading partners; underlines that trade policy can and should be used to promote a positive environmental agenda and to avoid major differences in the levels of environmental ambition between the EU and the rest of the world, and that a CBAM should be designed as an action complementing actions under

the trade and sustainable development chapters of the EU's FTAs; underlines that global action which makes the CBAM redundant must be the final goal of the initiative, as the rest of the world catches up with the level of ambition the EU has set for reducing CO₂ emissions; is therefore of the view that the CBAM should be regarded as a means to help the acceleration of this process and not as a means of protectionism; expects the Commission to initiate negotiations on a global approach within the framework of the WTO or the G20;

24. Considers that international trade and trade policy are key enablers of the transition towards a climate-neutral, resource-efficient, circular global economy and, as such, support the global efforts towards the achievement of the UN Sustainable Development Goals (SDGs) and the Paris Agreement; considers that there is an urgent need to pursue a comprehensive reform of the WTO, enabling it to guarantee fair trade, while at the same time combating global warming; notes that the GATT rules date back to 1947 and is of the view that they need to be rethought in the present context of climate crisis; expects the Commission to take urgent initiatives for WTO reform in order to achieve compatibility with the climate objectives; calls on the Commission to intensify its efforts to achieve global CO₂ pricing and to facilitate trade in climate and environmental protection technologies, for example through trade policy initiatives such as the WTO Environmental Goods Agreement;
25. Calls on the Commission to pursue multilateral WTO reforms that bring international trade law into line with the goals of the Paris Agreement and other aspects of international law, in particular the conventions of the International Labour Organization (ILO); 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 if it upholds the highest environmental integrity;
26. Underlines that the CBAM can help to contribute to the SDGs; recalls that the promotion of decent work is also an SDG and urges the Commission to ensure that goods placed on the EU market are produced under conditions that respect the ILO conventions;
27. Notes that in order to be compatible with WTO rules, GATT provisions such as Article I (the principle of most-favoured nation treatment), Article III (the national treatment principle) and, if necessary, Article XX (general exceptions) could be the basis for any CBAM design, whose rationale should be solely and strictly environmental – reducing global CO₂ emissions and preventing carbon leakage;
28. 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 EU 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, 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 phasing out of those measures

for the sectors concerned so as to avoid double protection for EU installations, while 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;

29. Underlines the importance of ensuring a global level playing field for the competitiveness of European industries without generating harmful effects on climate and the environment; urges the Commission, therefore, to consider the possible introduction of export rebates, but only if it can fully demonstrate their positive impact on climate and their compatibility with WTO rules; stresses that in order to prevent perverse climate effects by incentivising less efficient production methods for European exporting industries and ensure WTO compatibility, 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 should be strictly limited to the most efficient installations so as to maintain GHG reduction incentives for EU exporting companies;
30. Stresses that any mechanism must create an incentive for industries in the EU and abroad to produce clean and competitive products and avoid carbon leakage, without endangering trade opportunities;
31. Notes that the CBAM is part of the European Green Deal and a tool to achieve the EU's goal of net zero GHG emissions by 2050; notes that the most carbon- and trade-intensive industrial sectors could potentially be impacted by the CBAM, either directly or indirectly, and that they should be consulted throughout the process; notes further that the CBAM could influence supply chains in such a way that they would internalise carbon costs; stresses that any CBAM should be easy to administer and not place an undue financial and administrative burden on enterprises, especially SMEs;

The CBAM and own resources

32. Acknowledges that the CBAM could be implemented either as an extension of the current regime of customs duties or as a complementary scheme within the existing EU ETS framework; emphasises that both approaches could be entirely consistent with an own resources initiative;
33. 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; highlights, however, that the budgetary role of the CBAM should only be a by-product of the instrument; believes that those new revenues should allow for greater support for climate action and the objectives of the Green Deal, such as the just transition and the decarbonisation of Europe's economy, and for an increase in the EU'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 industrialisation 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 with a view to minimising them; stresses that the revenues generated from a CBAM should by no means be used as disguised subsidies for high-polluting European industries, as this

would ultimately compromise its WTO compatibility;

34. Recalls that Parliament, the Council and the Commission agreed to the creation of new own resources, including the CBAM, during the next multiannual financial framework under the Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (IIA)⁹; stresses that assigning the financial flows generated by the CBAM to the EU budget would help to mitigate issues of fiscal equivalence and ensure a fairly distributed impact across Member States, as well as ensuring a lean structure with minimal administrative overhead costs; concludes, therefore, that defining the proceeds as an EU own resource would reduce the share of GNI-based contributions in the financing of the EU budget, and would thus help to mutualise the impact of the CBAM in a fair way across all Member States; considers that any savings at national level due to lower GNI-contributions will increase Member States' fiscal space; stresses that the implementation of the mechanism should be accompanied by the removal of environmentally harmful subsidies granted to energy-intensive industries, in particular tax exemptions and breaks on energy used by energy-intensive industries;
35. Takes note of various prudent revenue estimates, ranging from EUR 5 to 14 billion per year, depending on the scope and design of the new instrument; highlights the fact that the EU budget is in any event uniquely suited to absorbing revenue fluctuations or even long-term regressive effects;
36. Is determined to ensure that the CBAM-based own resource will be part of a basket of own resources sufficient to cover the level of overall expected expenditure for the repayment costs of the principal and interests of the borrowing incurred under the Next Generation EU instrument, while respecting the principle of universality; recalls moreover, that any surplus from the repayment plan must still remain in the EU budget as general revenue;
37. Stresses that the introduction of a basket of new own resources, as provided for in the roadmap towards the introduction of new own resources under the IIA, could facilitate a better focus of expenditure at EU level on priority areas and common public goods with high efficiency gains compared to national spending; recalls that any failure to respect the terms agreed in the IIA by one of the three institutions could expose it to a legal challenge by the others;
38. Calls on the institutions to follow up actively in the spirit and to the letter of the roadmap towards the introduction of new own resources under the IIA, which prescribes that this new own resource is to enter into force by 1 January 2023 at the latest;

Implementing the CBAM and other aspects

39. Stresses that the implementation of the CBAM 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

⁹ Texts adopted, P9_TA(2020)0358.

States in that matter in the light of the polluter pays principle;

40. Requests that the CBAM be monitored through an independent body, under the auspices of the Commission, which should regularly report and provide transparent information to Parliament, the Council and Commission on request and at least twice a year;
41. Notes that the EU is the world's largest carbon importer and that the carbon content of exported goods from the EU is well below the carbon content of imported goods; deduces that European efforts to combat climate change are greater than the average international effort; highlights that in order to measure the overall climate impact of the Union, a solid reporting method is needed that takes into account the emissions of imported goods and services to the EU;
42. Stresses that sufficient international climate efforts, such as robust, widespread and consistent international carbon pricing and fully competitive low-emission technologies, products and production processes will render the mechanism obsolete over time; considers that climate change is a global problem that requires global solutions, and therefore believes that the EU should continue to support the establishment of a global framework for CO₂ pricing in line with Article 6 of the Paris Agreement; encourages the Commission to design the mechanism with a clear and ambitious timeline for its implementation and evolution; recalls that some technical solutions for mitigating CO₂ are still at the pilot stage and thus calls on the Commission to continue efforts to develop them further; calls on the Commission to design the mechanism as part of a comprehensive and long-term-oriented policy package that is consistent with achieving a highly energy- and resource-efficient, net-zero GHG economy by 2050 at the latest;
43. Recalls that the EU's climate policy, industrial policy and the goal to maintain and increase sustainable economic growth must go hand in hand; stresses that any mechanism must be embedded in our industrial strategy, creating an incentive for industries to produce clean and competitive products;
44. Underlines that a properly functioning mechanism should ensure the reduction of emissions imported into the EU and provide the most effective climate protection against the risk of carbon leakage while respecting WTO rules; stresses that the mechanism should be designed in way that ensures its effective and simple application and at the same time prevents circumventing behaviour such as resource shuffling or the import of semi-finished or end products not covered under the mechanism;
45. Calls on the Commission to provide technical advice and support to industries at home and abroad, especially for SMEs, in setting up reliable GHG emission accounting systems for imports in order to maintain a strong European industry without causing technical obstacles for trading partners;
46. Calls for a special evaluation of the impact of the mechanism on SMEs and on competition within the internal market; calls for the creation, if needed, of a support mechanism for SMEs to successfully adjust to the new market reality, thereby preventing them from being victims of unfair practices by larger market players;
47. Notes, furthermore, that in order to prevent unfair competition on the European market, no competitive disadvantages among competing materials should be created by the

mechanism; underlines that the most climate-friendly materials should not suffer competitive disadvantages;

48. Emphasises its importance in ensuring that European citizens and their interests are represented and in contributing to the achievement of EU priorities such as climate protection, sustainable growth and international competitiveness; calls on the Commission and the Council, therefore, to fully involve Parliament, as co-legislator, in the legislative process to establish the mechanism;

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49. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

Climate change can no longer be dismissed as a matter for scientists and future generations. Every day, we see its disastrous consequences right on our doorstep, and are left aghast by the devastating images that reach us from around the world. Climate disasters such as fires, heatwaves, droughts, floods, tidal waves, hurricanes, ice loss, pandemics and displaced people are all part of the reality in which we now live. And temperatures have only risen by an average of 1.1°C!

The Paris Agreement was a call to arms. We need to step up our efforts and aim higher because if we continue along the current path our climate policies will lead to warming of 3 to 4°C, if not more according to the bleakest scenarios. This would unleash unknown chaos across the globe! The European Union has to take responsibility for the greenhouse gas emissions it produces and those which, increasingly, it imports. And it has a pivotal role to play in multilateralism and essential international cooperation. As an economic and trading power, it must lead by example.

The people of Europe have woken up to the dangers and the urgency. They are doing their bit. Young people are taking part in climate protests. A growing number of economic actors are investing huge sums in renewables, in the energy efficiency and sobriety of buildings and transport, and in decarbonising industry and services. Farmers are showing that agriculture can actually help cool – rather than warm – the planet. To fight climate change we need to do more than just counter its dangerous effects; we need a collective will to transform our development model into something more sustainable, more socially fair, more resilient and more sovereign. Decarbonisation is not only imperative but should also be seen as an opportunity, as a powerful motor for job creation, technological, social, industrial and democratic innovation, and a regional leveller.

With the objective of achieving climate neutrality by 2050 at the latest, the Green Deal and the Climate Law, the fight against climate change lies at the very heart of the Union's political agenda. Yet Parliament resolutions, the Commission's agenda and Council discussions call on us to do more and better. The target to reduce emissions by 40% by 2030 is obsolete; scientists recommend raising the bar to 65%. Whatever the revised target, though, we will have to scrupulously and systematically review all related European policies, particularly the ETS Directive, which has a considerable influence on carbon pricing and so the strength of the incentive to switch from carbon. No climate policy can be labelled ambitious unless it slashes carbon allowances, abolishes the free allowances hobbling the carbon market, and sets a floor price for each tonne of CO₂.

Although it still falls short, the Union's climate policy goes further than that of many of its trading partners. If the fight against climate change is to be harnessed as an industrial, economic and social opportunity, decarbonising our economy must not trigger a fresh wave of deindustrialisation, since this would entail carbon leakage and investment losses. It is our duty to ensure that the demands we place on our companies do not put them at a disadvantage with respect to competitors exporting to the internal market and producing in countries that have set their sights lower than the Union. This is precisely why we need a carbon border adjustment mechanism (CBAM).

An essential tool, the CBAM will fuel a virtuous cycle aimed, first and foremost, at climate protection. It has several goals:

- to enhance the Union's climate action;
- to encourage our partners to raise their level of ambition;
- to protect our manufacturers from unfair competition;
- to spur the reshoring of economic activity back to Europe;
- to boost the Union's own resources.

To achieve these goals, the CBAM must meet several criteria.

- It must eventually apply to all imports to ensure that it covers our entire carbon footprint and prevents distortions on the internal market. Temporarily, it will apply to the main raw materials, since their production emits high amounts of CO₂ and is covered by the EU carbon market.
- It must come into effect as soon as possible and by no later than 2023. The shorter the transition period, the more effectively it will dovetail with the ETS market. An effective CBAM should spell the end of free allowances. These form the main instrument shielding against carbon leakage, but they have had strong perverse repercussions and led to windfall profits, as noted by 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'.
- It must be consistent with multilateral trade rules insofar as several articles of the GATT make provision for acting in pursuit of interests greater than trade, such as the environment or health.
- It must feed into the European budget as a new own resource. We believe this revenue stream should be channelled towards the Green Deal and the just transition, with a significant share earmarked for the transition in the poorest countries and those most affected by climate change.

People in Europe are looking to the European Union for decisive and ambitious climate action. They want to see it break with the naivety or cynicism it has shown in trade policy, all too often signing deals in complete disregard for the ensuing social, environmental and industrial costs.

The carbon border adjustment mechanism presents us with a fantastic opportunity to act simultaneously on several fronts: climate, industry, jobs, resilience, sovereignty and reshoring. As such, it represents a major political and democratic litmus test for the Union. The European Parliament must show the way!

14.12.2020

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

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

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

Rapporteur for opinion (*): Karin Karlsbro

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

SUGGESTIONS

The Committee on International Trade 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. Welcomes the European Union's goal of achieving a socially just transition to climate neutrality by 2050, as well as the goal of reducing emissions by 60 % by 2030 as proposed by Parliament; calls for the raised level of ambition in climate efforts in EU trade policy, as well as in many other policy spheres, to be continued; calls for the Paris Agreement and its 1.5 °C goal to become one of the main guiding principles of trade policy, to which all trade initiatives and their policy tools must be adjusted, by including it in, inter alia, free trade agreements (FTAs) as an essential element; is convinced that such a purpose-built trade policy can be an important driver in steering economies towards decarbonisation in order to achieve the climate objectives set in the Paris Agreement and the European Green Deal; emphasises that, as a result of the EU's increased level of ambition on climate change, the risk of carbon leakage could increase; urges the Commission to ensure full carbon-leakage protection in all its policies, while taking into account the competitiveness of European industry and small and medium-sized enterprises (SMEs); notes that, while the Union had reduced its domestic greenhouse gas (GHG) emissions by 23.2 % below 1990 levels in 2018, its GHG emissions embedded in international trade have been constantly rising; underlines that the net imports of goods and services into the EU represent more than 20 % of the Union's domestic CO₂ emissions;
2. Supports, in the absence of a global carbon price and a multilateral solution, the Commission's intention to propose a fair and transparent, efficient and market-based EU carbon border adjustment mechanism (CBAM) on condition that it is compatible with and WTO rules and EU FTAs (by being non-discriminatory and not constituting a disguised restriction on international trade), and that it is proportionate, based on the polluter pays principle and fit for purpose in effectively delivering the EU's climate

objectives; considers that a CBAM must apply to goods from all third countries which are not yet part of an effective carbon pricing scheme, or equivalent measures with similar goals and costs to those of the EU Emissions Trading System (EU-ETS), to avoid any discrimination based on origin, and that costs for less ambitious carbon pricing must be deductible from the CBAM;

3. Is convinced that the objective of a CBAM should be avoiding the risk of carbon leakage for the EU and therefore contributing to the overall objective of reducing global emissions and helping the EU to meet its commitments; highlights the fact that an EU CBAM is exclusively designed to further climate objectives, as well as to reduce the risk of carbon leakage, and that this should be done in a proportional and balanced way, be evidence-based and must not be misused as a tool to enhance protectionism, unjustifiable discrimination or restrictions in an already burdened global landscape of international trade; calls for excessive bureaucracy to be avoided in this context; notes that one of the consequences of the measure will be preventing the risk of shifting production outside the EU, as such relocation could nullify the EU's efforts to reduce emissions and to promote the EU's international environmental protection policies;
4. Notes that, in order to be compatible with WTO rules, the provisions of the General Agreement on Tariffs and Trade (GATT), such as Article I (the principle of most-favoured nation treatment), Article III (the national treatment principle) and, if necessary, Article XX (general exceptions) could be the basis for any CBAM design and its only rationale should be strictly an environmental one – reducing global CO₂ emissions and preventing carbon leakage;
5. Calls for thorough impact assessments to be submitted by mid-2021, together with the legislative proposal, for the utmost transparency, and for incentives to be provided for cooperation, as well as engagement, with the WTO and EU's trading partners, in coordination with the European Parliament; notes that the impact assessment must be conducted with the goal of reducing the risk of carbon leakage and, consequently, of total global emissions; therefore asks the Commission to include the following aspects in the impact assessment:
 - a. the effects of CBAM on sustainable innovation and changes in trade flows and supply chains;
 - b. an assessment of the added value of CBAM compared to alternative options;
 - c. possible pilot sectors for early implementation in which the carbon contents of goods are easily identifiable;
 - d. the possible impact on EU industry that could result from a mechanism centred solely on basic materials that could lead to a shift in imports towards intermediate and final products not covered by the mechanism, in particular if the mechanism replaces existing carbon leakage measures;
 - e. whether and how the power sector should be included in the specific case of imports of high-carbon electricity;
 - f. the possible effects on EU companies, especially SMEs, in terms of global

- competition if products are affected by higher prices for their components;
- g. an analysis of a combination of key variables, including the sectors, countries and GHG emissions included in CBAM, and their relationship to existing carbon leakage measures;
 - h. special consideration for least developed and developing countries to make sure that a CBAM does not have a negative effect on their development;
6. Notes that the impact assessment must carefully consider how the CBAM would interact with existing carbon leakage measures under the EU Emissions Trading System (ETS), including whether the current measures or free allowances should be complementary to the CBAM in the initial phase, or whether they should be removed, while avoiding double protection and discrimination against imports, and whether CBAM should be introduced gradually or not, so as to ensure WTO compatibility, while maintaining predictability and stability for EU companies;
 7. Stresses that any mechanism must create an incentive for industries in the EU and abroad to produce clean and competitive products, and avoid carbon leakage, without endangering trade opportunities; highlights the role such a mechanism could play, if balanced and appropriately implemented, in energy-intensive industries, such as steel, cement and aluminium, given the trade exposure experienced by those sectors and their participation in the ETS;
 8. Notes that CBAM is part of the European Green Deal and a tool to achieve the EU's goal of no net emissions of GHG in 2050; notes that the most carbon- and trade-intensive industrial sectors could potentially be impacted by the CBAM, either directly or indirectly, and that they should be consulted throughout the process; notes further that CBAM could influence supply chains in such a way that they would internalise carbon costs; stresses that any CBAM should be easy to administer and not place an undue financial and administrative burden on enterprises, especially SMEs;
 9. Calls for the CBAM revenues to be used to support global and European climate action; suggests that the revenue must be reinvested in the EU budget for the purposes of research, innovation and the development of carbon-neutral technologies in support of industry's sustainable transition, and in climate aid to ensure WTO compatibility;
 10. Expresses its deep concern over the erosion of the multilateral trading system; calls on the Commission to actively engage with trade partners' governments to ensure a continued dialogue on this initiative, thereby providing incentives for climate action both within the Union and by its trading partners; underlines that trade policy can and should be used to promote a positive environmental agenda and to avoid major differences in the levels of environmental ambition between the EU and the rest of the world, and that a CBAM should be designed as an action complementing actions under the trade and sustainable development chapters of the EU's FTAs; underlines that global action which makes the CBAM redundant must be the final goal of the initiative, as the rest of the world catches up with the level of ambition the EU has set for reducing CO₂ emissions; is therefore of the view that CBAM should be regarded as a means to help the acceleration of this process and not as a means of protectionism; expects the Commission to initiate negotiations on a global approach within the framework of the

WTO or the G20;

11. Calls for a calculation method for carbon contents that does not discriminate between EU and third-country producers, and that comes as close as possible to the real carbon content of the goods concerned; notes the difficulties related to calculations of the carbon content of products from the EU Member States and third countries, and calls for continuous efforts to ensure the comparability of the carbon content of products; highlights that technology for the tracing and tracking of the carbon content and performance of complex products could be helpful in the enforcement of a CBAM for those products; notes that the CBAM must create incentives for countries and producers to share information on carbon pricing and on products' carbon content;
12. Considers that international trade and trade policy are key enablers of the transition towards a climate-neutral, resource-efficient, circular global economy and, as such, support the global efforts towards the achievement of the UN Sustainable Development Goals (SDGs) and the Paris Agreement; considers that there is an urgent need to pursue a comprehensive reform of the WTO, enabling it to guarantee fair trade, while at the same time combating global warming; notes that the GATT rules date back to 1947 and is of the view that they need to be rethought in the present context of climate crisis; expects the Commission to take urgent initiatives for WTO reform in order to achieve compatibility with the climate objectives; calls on the Commission to intensify its efforts to achieve global CO₂ pricing and to facilitate trade in climate and environmental protection technologies, for example through trade policy initiatives such as the WTO Environmental Goods Agreement.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	10.12.2020
Result of final vote	+: 34 -: 2 0: 5
Members present for the final vote	Barry Andrews, Anna-Michelle Asimakopoulou, Tiziana Beghin, Geert Bourgeois, Udo Bullmann, Jordi Cañas, Daniel Caspary, Miroslav Číž, Arnaud Danjean, Paolo De Castro, Emmanouil Fragkos, Raphaël Glucksmann, Enikő Győri, Roman Haider, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Herve Juvin, Karin Karlsbro, Maximilian Krah, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Sara Matthieu, Emmanuel Maurel, Carles Puigdemont i Casamajó, Samira Rafaela, Inma Rodríguez-Piñero, Massimiliano Salini, Helmut Scholz, Sven Simon, Dominik Tarczyński, Mihai Tudose, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jürgen Warborn, Jan Zahradil
Substitutes present for the final vote	Marco Campomenosi, Nicola Danti, Manuela Ripa

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

34	+
PPE	Anna-Michelle Asimakopoulou, Daniel Caspary, Arnaud Danjean, Enikő Győri, Christophe Hansen, Danuta Maria Hübner, Gabriel Mato, Massimiliano Salini, Sven Simon, Jörgen Warborn
S&D	Udo Bullmann, Miroslav Číž, Paolo De Castro, Raphaël Glucksmann, Bernd Lange, Margarida Marques, Inma Rodríguez-Piñero, Mihai Tudose, Kathleen Van Brempt
RENEW	Barry Andrews, Jordi Cañas, Karin Karlsbro, Samira Rafaela, Nicola Danti, Marie-Pierre Vedrenne
ID	Herve Juvin, Danilo Oscar Lancini, Marco Campomenosi
VERTS/ALE	Manuela Ripa, Heidi Hautala, Sara Matthieu
ECR	Emmanouil Fragkos
NI	Tiziana Beghin, Carles Puigdemont i Casamajó

2	-
ID	Roman Haider, Maximilian Krah

5	0
ECR	Geert Bourgeois, Dominik Tarczynski, Jan Zahradil
GUE/NGL	Emmanuel Maurel, Helmut Scholz

Key to symbols:

+ : in favour

- : against

0 : abstention

11.12.2020

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

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 fight climate change and support the EU's climate objectives by addressing the risk of carbon leakage and providing incentives to investment in green and energy-efficient technology at EU and global level, thereby contributing to the global reduction in greenhouse gas emissions; believes that the ultimate aim should be to work towards an effective global climate policy;
2. Considers that the recently adopted European Green Deal objective of achieving climate neutrality by 2050, the target of reducing greenhouse gas emissions by at least 60 % by 2030 agreed by Parliament, as well as the Union's international engagements under the Paris Agreement, will require significant decarbonisation efforts at the EU level, leading to an increase in the carbon price paid by domestic producers under the EU emissions trading system (EU ETS), likely well beyond the current price; considers, therefore, that in the absence of a global price on carbon emissions, the risk of carbon leakage might intensify; welcomes, in that context, the Council and the Commission's commitment to implement a WTO-compatible carbon border adjustment mechanism which would ensure that the price of imports reflects their carbon content, helping to level the playing field between domestic and foreign producers and thereby assure that the EU's climate objectives are not undermined by the relocation of production and by increased imports from countries with less ambitious climate policies, which would in turn help to ensure a just transition;
3. Notes that the Commission is currently assessing all the different options for the introduction of a carbon border adjustment mechanism, ranging from tax instruments to mechanisms relying on the EU ETS; highlights that an excise duty (or tax) on the

carbon content of all consumed products, both domestic and imported, would not fully address the risk of carbon leakage, would be technically challenging given the complexity of tracing carbon in global value chains and might place a significant burden on consumers; considers that in order to address the risk of carbon leakage while complying with WTO rules, the CBAM needs to charge for the carbon content of imports in a way that mirrors the carbon costs paid by EU producers; believes, in that regard, that the mechanism should ensure a single carbon price, both for domestic producers and importers, in order to comply with the WTO principle of non-discrimination; is of the opinion that the option which best mirrors the carbon cost paid by EU producers, ensuring automatic price adjustment and compliance with the non-discrimination principle, is a mechanism based on the EU ETS; encourages the Commission therefore to implement a system that would require importers to purchase allowances for the volume of carbon emissions incorporated in their products; considers that this could be achieved through the creation of a specific pool of allowances for imports linked to ETS prices (a notional ETS) or through the incorporation of importers into the existing EU ETS pool of allowances; notes that the latter might entail additional technical challenges, such as ensuring price stability (which could potentially be addressed by increasing the existing cap to an appropriate level and making use of the market stability reserve) and introducing safeguards to avoid the risk of potential market interference; acknowledges that a fixed duty or tax on imports could be a simple tool to give a strong and stable environmental price signal for imported carbon; believes, however, that given its fixed nature, such a tax would be a less flexible tool to mirror the evolving price of the EU ETS; stresses that, in practice, an evolving tax that automatically mirrors the price of the EU ETS would be equivalent to a notional ETS; acknowledges that, should the CBAM be of a fiscal nature, there is a possibility that a mechanism based on Article 192(2) of the TFEU would be introduced; insists that the primary aim of the CBAM is environmental and thus environmental criteria should play an essential role in the choice of instrument; stresses that in line with this goal, the selected instrument needs to ensure a predictable and sufficiently high carbon price that incentivises decarbonisation investments in order to fulfil the aims of the Paris Agreement;

4. Considers that the CBAM should ideally apply to any import (from raw materials to intermediate or end products) with basic materials covered by the EU ETS embedded in it, in order to avoid distortions between products in the internal market and along the value chain; acknowledges the technical difficulties of covering all basic materials covered by the EU ETS as early as 2023 and understands that sectors deemed to be at highest risk of carbon leakage might be prioritised in the initial stage; warns the Commission, nevertheless, about the potential damage to EU industries if not all EU ETS sectors are covered and calls on it to propose the broadest sectoral scope possible; urges the Commission, should it take a step-by-step approach, to include a binding calendar for broadening the coverage of the CBAM;
5. Considers that, ideally, the CBAM should measure as precisely as possible the carbon content of imports under its scope; recommends, nevertheless, that a feasible design be introduced that objectively measures the carbon content of each import based on its basic material composition (as outlined in the proposal from the European Economic and Social Committee); recalls that this approximation would weigh each basic material covered by the EU ETS and multiply it by a default carbon intensity value; stresses,

however, that importers should have the option to prove, in accordance with EU standards for monitoring, reporting and verification (MRV) of the EU ETS, that the carbon content of their products is lower than those values, and avail of a payable amount adapted accordingly, to encourage innovation and investment in sustainable technologies across the world; considers that this should not impose a disproportionate burden on SMEs; highlights that the implementation of the mechanism will need to be underpinned by a set of EU standards that will prevent it from being circumvented or misused, and will require strong independent infrastructure in order to be administered;

6. Proposes that the implementation of the CBAM trigger the gradual phasing-out of the free allocation of allowances until they are completely eliminated, following an appropriate transition period, since this mechanism should ensure that EU producers and importers have to pay the same carbon costs in the EU market; highlights the need for a phasing-out of free allowances during a transition period compatible with a predictable timeline; believes that the transition period should provide regulatory certainty to resource- and energy-intensive industries; stresses that there should be no double protection and that the mechanism needs to be WTO-compatible; believes that for that purpose, the CBAM should deduct the value of free allowances from the payable amount charged to importers, so that the CBAM and free allowances can coexist without resulting in double compensation and while remaining WTO-compliant; notes that this phasing-out should be accompanied by the introduction of support measures for exports that would remain WTO-compliant and consistent with the EU's environmental objectives; calls on the Commission to assess the introduction of partial export rebates based on the existing benchmark logic of most-carbon-efficient producers, not refunding more than the current level of free allowances, in order to maintain strong decarbonisation incentives while ensuring a level playing field for EU exports;
7. Stresses that the CBAM should ensure that importers from third countries are not charged twice for the carbon content of their products to ensure they are treated on an equal footing and without discrimination; calls on the Commission to assess carefully the impact of the different CBAM options on least-developed countries;
8. Calls for the proceeds of the CBAM to be considered EU revenues;
9. Believes that the above proposal provides a strong basis for compatibility with WTO rules, since it does not discriminate between producers and importers (nor among them), is based on transparent and science-based objective criteria and fulfils its primary objective of protecting the environment and health; calls on the Commission to engage in bilateral and multilateral discussions with trade partners to ease the implementation of the CBAM and avoid retaliation; insists on advancing the Commission's work on environmental sustainability in the WTO to bring international trade law in line with the climate objectives of the Paris agreement; calls on the Commission to involve Parliament at all stages of the development process of the CBAM; calls for the establishment of a monitoring mechanism and review process in which Parliament is involved to the fullest extent.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	10.12.2020
Result of final vote	+: 39 -: 7 0: 8
Members present for the final vote	Gunnar Beck, Marek Belka, Isabel Benjumea Benjumea, Stefan Berger, Gilles Boyer, Francesca Donato, Derk Jan Eppink, Engin Eroglu, Jonás Fernández, Raffaele Fitto, Frances Fitzgerald, José Manuel García-Margallo y Marfil, Sven Giegold, Valentino Grant, Claude Gruffat, José Gusmão, Enikő Györi, Danuta Maria Hübner, Othmar Karas, Billy Kelleher, Aurore Lalucq, Philippe Lamberts, Aušra Maldeikienė, Pedro Marques, Jörg Meuthen, Csaba Molnár, Siegfried Mureşan, Caroline Nagtegaal, Luděk Niedermayer, Lefteris Nikolaou-Alavanos, Lídia Pereira, Kira Marie Peter-Hansen, Sirpa Pietikäinen, Dragoş Pîslaru, Antonio Maria Rinaldi, Joachim Schuster, Ralf Seekatz, Pedro Silva Pereira, Paul Tang, Irene Tinagli, Ernest Urtaşun, Inese Vaidere, Johan Van Overtveldt, Stéphanie Yon-Courtin, Marco Zanni, Roberts Zīle
Substitutes present for the final vote	Marc Angel, Manon Aubry, Gabriele Bischoff, Damien Carême, Eugen Jurzyca, Chris MacManus, Margarida Marques, Andreas Schwab

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

39	+
GUE/NGL	Manon Aubry, José Gusmão
PPE	Isabel Benjumea Benjumea, Stefan Berger, Frances Fitzgerald, José Manuel García Margallo y Marfil, Danuta Maria Hübner, Othmar Karas, Aušra Maldeikienė, Siegfried Mureşan, Luděk Niedermayer, Lídia Pereira, Sirpa Pietikäinen, Andreas Schwab, Ralf Seekatz, Inese Vaidere
Renew	Gilles Boyer, Engin Eroglu, Billy Kelleher, Dragoş Pîslaru, Stéphanie Yon Courtin
S&D	Marc Angel, Marek Belka, Gabriele Bischoff, Jonás Fernández, Aurore Lalucq, Margarida Marques, Pedro Marques, Csaba Molnár, Joachim Schuster, Pedro Silva Pereira, Paul Tang, Irene Tinagli
Verts/ALE	Damien Carême, Sven Giegold, Claude Gruffat, Philippe Lamberts, Kira Marie Peter Hansen, Ernest Urtasun

7	-
ECR	Derk Jan Eppink, Eugen Jurzyca, Roberts Zīle
ID	Gunnar Beck, Jörg Meuthen
NI	Lefteris Nikolaou Alavanos
PPE	Enikő Győri

8	0
ECR	Raffaele Fitto, Johan Van Overtveldt
GUE/NGL	Chris MacManus
ID	Francesca Donato, Valentino Grant, Antonio Maria Rinaldi, Marco Zanni
Renew	Caroline Nagtegaal

Key to symbols:

+ : in favour

- : against

0 : abstention

11.12.2020

OPINION OF THE COMMITTEE ON BUDGETS

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

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

Rapporteur for opinion: Elisabetta Gualmini

SUGGESTIONS

The Committee on Budgets 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. Recalls that a carbon border adjustment mechanism (CBAM) has long been a candidate for a genuine, green source of own revenue in the EU budget, and was among the ‘basket’ of preferred options for new own resources in Parliament’s legislative resolution of 16 September 2020¹;
2. Acknowledges that the primary purposes of the CBAM must be to protect the climate, mitigate the carbon leakage dilemma, provide a level playing field for decarbonisation costs, and increase demand for low-carbon products and processes, as well as to prevent distortions to competition and trade, and to safeguard the competitiveness of EU industries; stresses that the CBAM will help the EU to meet its climate targets while ensuring a level playing field in international trade, reducing off-shoring of production to third countries with less ambitious environmental regulations, and respecting the ‘polluter pays’ principle, with the aim of galvanising the rest of the world into taking climate action in line with the Paris Agreement and the European Green Deal; believes that the eventual outcome of the introduction of a CBAM would be more innovation and investments in greener technologies; highlights, moreover, the necessity for the CBAM to be designed with the highest environmental integrity in mind;
3. Calls on the Commission to conduct a thorough impact assessment of the different designs for the implementation of the CBAM before presenting a legislative proposal; calls for this impact assessment to from the beginning take into account different scenarios, such as the possibility of covering all present and prospective emissions trading system (ETS) sectors, and the specific characteristics of the sectors that could be covered by the mechanism; considers it indispensable for the assessment to evaluate the impact of different designs on their capability to reduce GHG emissions, their economic and social consequences on the EU industrial sector, with specific regard to SMEs, the competitiveness of EU exporters, and possible counter measures by third countries and

¹ Texts adopted, P9_TA(2020)0220.

their suppliers towards EU industries; believes, at the same time, that in order to maintain strong decarbonisation incentives and to ensure a level playing field for EU goods in third markets, the impact assessment should also examine the merits and likely consequences of export rebates (including if phased in) in the sectors covered and not covered by the CBAM, as well as their complementarity with the carbon leakage measures under the ETS scheme; stresses the importance of assessing the impacts of each option on the living standards of consumers, especially those belonging to more vulnerable groups, as well as their impact on revenue; calls on the Commission to also include in the impact assessment the consequences for the EU budget of the revenue generated from the CBAM as an own resource, depending on the design and modalities chosen;

4. Underlines the importance of avoiding distortions to the internal market, as well as protectionist measures against the EU; notes that the EU's higher ambition on climate change leads to an increased risk of carbon leakage, due to the lower environmental standards and lack of ambitious climate actions in third countries; urges the Commission, therefore, to ensure full carbon leakage protection in all its policies accordingly; suggests a World Trade Organization-compatible, non-discriminatory and progressive mechanism, and strongly encourages the Commission to remain open to a multilateral approach that can contribute effectively to global climate actions in line with the Paris Agreement, and that could avoid retaliation against the EU economy; urges the Commission, at the same time, to pursue multilateral WTO reforms that bring international trade law in line with the goals of the Paris Agreement; considers that - given the global pandemic and ensuing economic crises - it becomes all the more indispensable to develop international policies which can reconcile climate action imperatives with industrial competitiveness and fair trade;
5. Acknowledges that the CBAM could be implemented either as an extension of the current regime of customs duties or as a complementary scheme within the existing ETS framework; emphasises that both approaches could be entirely consistent with an own resources initiative; highlights that the latter model, centralised according to ETS standards for sectors, materials and carbon prices, would facilitate the establishment of equivalent levels of carbon pricing on EU and non-EU products, and therefore guarantee a fair level playing field in international trade, and compatibility with WTO law, and specifically with Article III of the General Agreement on Tariffs and Trade (GATT); points out that, while the final mechanism should eventually cover as wide a range of imports as possible, the initial CBAM design could be limited to certain sectors of the economy, chosen on the basis of the impact assessment;
6. Recalls that Parliament, the Council and the Commission agreed to the creation of new own resources, including the CBAM, during the next multiannual financial framework (MFF) in the Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (IIA); stresses that assigning the financial flows generated by the CBAM to the EU budget would help to mitigate issues of fiscal equivalence, and ensure a fairly distributed impact across Member States, as well as ensuring a lean structure with minimal administrative overhead costs; concludes, therefore, that defining the proceeds as an EU own resource would reduce the share of GNI-based contributions in the financing of the

EU budget, and would thus help to mutualise the impact of the CBAM in a fair way across all Member States; considers that any savings at national level due to lower GNI-contributions will increase Member States' fiscal space; stresses that the implementation of the mechanism should be accompanied by the removal of environmentally harmful subsidies granted to energy-intensive industries, in particular tax exemptions and breaks on energy used by energy-intensive industries;

7. Welcomes the fact that if the CBAM becomes a basis for an own resource according to the IIA, it will bring the revenue side of the EU budget into closer alignment with strategic policy objectives such as the European Green Deal, the fight against climate change, the circular economy and the just transition, and thereby help to generate co-benefits, incentives and EU added value; considers that CBAM revenues would be, by their nature and origin, strictly linked to climate policies, external borders and trade policy at the EU level, and would therefore constitute a highly suitable basis for an EU own resource; stresses that the revenues generated from the CBAM would thus not be used, for reasons of environmental integrity, to subsidise policies or actions which run counter to the Paris Agreement and the objectives of the European Green Deal;
8. Underlines that the greenhouse gas (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, while taking into account different production methods with varying emission intensities; considers that the carbon pricing of imports should also take into account the country-specific carbon intensity of the electricity grid;
9. Takes note of various prudent revenue estimates, ranging from EUR 5 to 14 billion per year, depending on the scope and design of the new instrument; highlights the fact that the EU budget is in any event uniquely suited to absorbing revenue fluctuations or even long-term regressive effects;
10. Is determined to ensure that the CBAM-based own resource will be part of a basket of own resources sufficient to cover the level of overall expected expenditure for the repayment costs of the principal and interests of the borrowing incurred under the Next Generation EU instrument, while respecting the principle of universality; recalls moreover, that any surplus from the repayment plan must still remain in the EU budget as general revenue; underlines that any earmarking of CBAM revenues would contravene the IIA, the Own Resources Decision and the Financial Regulation;
11. Stresses that the introduction of a basket of new own resources, as provided for in the Roadmap towards the introduction of New Own Resources under the Interinstitutional Agreement, could facilitate a better focus of expenditure at Union level on priority areas and common public goods with high efficiency gains compared to national spending; recalls that any failure to respect the terms agreed in the IIA by one of the three institutions could expose it to a legal challenge by the others;
12. Calls on the institutions to follow up actively in the spirit and letter of the Roadmap for the introduction of New Own Resources under the Inter-institutional Agreement, which prescribes that this new own resource is to enter into force at the latest by 1 January 2023.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	10.12.2020
Result of final vote	+: 33 -: 2 0: 4
Members present for the final vote	Rasmus Andresen, Robert Biedroń, Anna Bonfrisco, Olivier Chastel, Lefteris Christoforou, David Cormand, Paolo De Castro, José Manuel Fernandes, Eider Gardiazabal Rubial, Vlad Gheorghe, Elisabetta Gualmini, Francisco Guerreiro, Valérie Hayer, Eero Heinäluoma, Niclas Herbst, Monika Hohlmeier, Moritz Körner, Joachim Kuhs, Zbigniew Kuźmiuk, Ioannis Lagos, Hélène Laporte, Pierre Larrourou, Janusz Lewandowski, Margarida Marques, Siegfried Mureşan, Victor Negrescu, Andrey Novakov, Jan Olbrycht, Dimitrios Papadimoulis, Bogdan Rzońca, Nicolae Ştefănuţă, Nils Torvalds, Nils Ušakovs, Johan Van Overtveldt, Rainer Wieland, Angelika Winzig
Substitutes present for the final vote	Herbert Dorfmann, Niclas Herbst, Petros Kokkalis

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

33	+
Greens/EFA	Rasmus Andresen, Damian Boeselager, David Cormand, Francisco Guerreiro
GUE/NGL	Petros Kokkalis, Dimitrios Papadimoulis
ID	Hélène Laporte
PPE	Lefteris Christoforou, Herbert Dorfmann, José Manuel Fernandes, Niclas Herbst, Monika Hohlmeier, Janusz Lewandowski, Siegfried Mureşan, Andrey Novakov, Jan Olbrycht, Rainer Wieland, Angelika Winzig
Renew	Olivier Chastel, Vlad Gheorghe, Valérie Hayer, Moritz Körner, Nicolae Ştefănuţă, Nils Torvalds
S&D	Robert Biedroń, Paolo De Castro, Eider Gardiazabal Rubial, Elisabetta Gualmini, Eero Heinäluoma, Pierre Larrouturou, Margarida Marques, Victor Negrescu, Nils Ušakovs

2	-
ID	Joachim Kuhs
NI	Ioannis Lagos

4	0
ECR	Zbigniew Kuźmiuk, Bogdan Rzońca, Johan Van Overtveldt
ID	Anna Bonfrisco

Key to symbols:

+ : in favour

- : against

0 : abstention

17.12.2020

OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

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: Jens Geier

SUGGESTIONS

The Committee on Industry, Research and Energy 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:

- A. whereas 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 (b), or natural resources (g);
 - 1. Welcomes the Paris Agreement as an international commitment to fight climate change and underlines the necessity of conducting a thorough evaluation of the compatibility of all international rulebooks with these climate goals; notes that the EU is responsible for 9 % of global greenhouse gas emission levels and is the third-biggest emitter of greenhouse gases in the world; also notes with concern the lack of sufficiently ambitious international climate efforts and measures to implement the decisions made under this agreement, as well as the withdrawal of the USA from it;
 - 2. Welcomes the European efforts in this regard, such as the introduction of the European Green Deal and the goal to achieve a cost-efficient, just, socially balanced and fair transition leading to climate neutrality by 2050 at the latest; stresses the need to uphold a 60 % reduction in greenhouse gas emissions by 2030, while making sure that the polluter-pays principle is consistently applied;
 - 3. Believes that asymmetric climate protection measures are not sufficient to combat climate change; underlines that trade policy can and should be used to promote a positive environmental agenda whilst maintaining the EU's competitiveness, and to address major differences in environmental ambition between the EU and the rest of the world; believes furthermore that a WTO-compatible EU carbon border adjustment mechanism ('the mechanism') can incentivise low-emission imports and the creation of low-emission technologies and products in the EU, leading to an urgently needed reduction of EU imported emissions; considers that the mechanism could lead to an increase in international efforts to combat climate change and could be a first step towards international carbon pricing if implemented in a proportional and balanced way; states further that the mechanism should lead to the creation of a virtuous circle to

combat climate change on an international level, e.g. by making it part of the negotiations for multilateral environmental agreements;

4. Notes that the EU is the world's largest carbon importer and that the carbon content of exported goods from the EU is well below the carbon content of imported goods; deduces that European efforts to combat climate change are greater than the average international effort; highlights that in order to measure the overall climate impact of the Union, a solid reporting method is needed that takes into account the emissions of imported goods and services to the EU;
5. Emphasises that the main goal of the mechanism is to facilitate the achievement of carbon neutrality and to incentivise international efforts to combat climate change; underlines that the mechanism should enable European industry to contribute substantially to the EU's climate goals and third countries to contribute substantially to international climate goals by fostering substantial efforts to decarbonise manufacturing processes, and underlines at the same time that this should create a level playing field for European industry; points furthermore to the need to consider the emissions resulting from the transport of imports when calculating carbon content pricing; considers it necessary for the scope of the mechanism to cover as large a part of the carbon footprint of a product as possible, i.e. through the inclusion of emissions from energy in production and ultimately along the value chain while not causing internal market distortions, notably on downstream markets;
6. Stresses that sufficient international climate efforts, such as robust, widespread and consistent international carbon pricing and fully competitive low-emission technologies, products and production processes will render the mechanism obsolete over time; considers that climate change is a global problem that requires global solutions, and therefore believes that the EU should continue to support the establishment of a global framework for CO₂ pricing in line with Article 6 of the Paris Agreement; encourages the Commission to design the mechanism with a clear and ambitious timeline for its implementation and evolution; recalls that some technical solutions for mitigating CO₂ are still at the pilot stage and thus calls on the Commission to continue efforts to develop them further; calls further on the Commission to ensure targeted and timely carbon leakage protection for all sectors considered to be at risk; calls finally on the Commission to design the mechanism as part of a comprehensive and long-term oriented policy package that is consistent with achieving a highly energy- and resource-efficient, net-zero greenhouse gas economy by 2050 at the latest;
7. Underlines further that the mechanism should be part of a wider set of policies and complementary measures with goals to enable and promote investments in low-carbon industrial processes, reduce the emission intensity of industry and incentivise energy efficiency measures and the use of renewable energies; states that the mechanism needs to be accompanied by an industrial policy that is environmentally ambitious, economically sound, socially fair and strengthens resilience and global competitiveness; suggests further to support the renovation of building stock, the substitution of raw construction materials, the implementation of the Just Transition Mechanism and incentives to purchase low-carbon materials through public procurement, as well as strong public innovation policies excluding support for fossil lock-in technologies; stresses the need to consider the complementary role of improved product standards in

line with the EU Circular Economy Action Plan;

8. Recalls the results achieved by the Union through the rules on product requirements and labelling, which were able to stimulate responsible consumption, engage European citizens, and support industrial competitiveness and innovation; calls on the Commission to explore analogous product policies that could push forward new standards and create lead markets for low-carbon, resource-efficient products and technologies with a view to securing the transition to a sustainable economy and helping to guarantee that product use has minimal negative environmental impacts;
9. Emphasises that asymmetrical climate actions worldwide, and more specifically the lack of ambitious climate actions by European trading partners, could increase the risk of carbon leakage, leading to an increase in global emissions and a competitive disadvantage on international markets for European industry, and that they hence could put at risk European jobs and value chains; stresses that European industry is suffering increased economic pressure due to cheap imports from trading partners and the COVID-19 crisis; thus urges the Commission to ensure more targeted and effective climate and carbon-leakage protection in the design of the mechanism;
10. Stresses that preventing the risk of carbon leakage goes hand in hand with preserving EU industrial competitiveness and avoiding emission transfers to third countries via the reallocation of industrial activities, investments and jobs; highlights that activities taken in order to prevent any risk of carbon leakage should be consistent with climate goals; stresses that strategic sectors are particularly exposed in terms of impact on their output and investment capacity; underlines the need to assess the possible risks of extra-EU industrial delocalisation and outsourcing; points furthermore to the need to create incentives for third-country governments and exporters to reduce their emissions;
11. Recalls that the EU's climate policy, industrial policy and the goal to maintain and increase sustainable economic growth must go hand in hand; stresses that any mechanism must be embedded in our industrial strategy, creating an incentive for industries to produce clean and competitive products;
12. Suggests a progressive and sector-specific mechanism that first includes, after a thorough impact assessment, sectors with the highest carbon content and trade intensity, such as the energy-intensive steel, cement and aluminium industries, the power sector and the plastics, chemicals and fertiliser industries, before being enlarged over time; believes that such a design could reduce international retaliation and serve as a test phase for European industry; stresses however that this should not lead to internal market distortions or excessive administrative burden, which could limit fair, open and rule-based market competition and have a particularly adverse effect on small and medium-sized enterprises (SMEs), or become a tool for protectionism;

Trade aspects

13. Emphasises that European industry, including SMEs, should have the possibility to access the global supply chain and global markets to remain competitive; expresses its deep concern over the effect of the erosion of the multilateral trading system, increased trade barriers and trade conflicts on the European trade balance; insists that the mechanism be designed in a way that reduces the risk of renewed trade disputes;

therefore calls on the Commission to take a multilateral approach, without prejudice to the mechanism's effectiveness, through continued dialogues with its international trading partners, especially with those with different approaches to climate protection, with the aim to avoid possible international retaliation measures against the EU;

14. Urges the Commission to make the mechanism non-discriminatory and compatible with the WTO *acquis* and provisions in the EU's trade agreements, preferably by using Articles XX(b) and (g) of the GATT Agreement; encourages the Commission to ensure a level playing field in international trade, bearing in mind the EU's status as the world's largest trading block; stresses that due respect must be paid to the principles of a free and fair global market;
15. Calls on the Commission to continue promoting a global framework for CO₂ pricing and facilitating trade in climate and environmental protection technologies, for instance through trade policy initiatives such as the WTO Environmental Goods Agreement; stresses that the Union can play a pioneering role by including ambitious energy and sustainability chapters in its trade agreements;

Methodology

16. Underlines that a properly functioning mechanism should ensure the reduction of emissions imported into the EU and provide the most effective climate protection against the risk of carbon leakage while respecting WTO rules; stresses that the mechanism should be designed in way that ensures its effective and simple application and at the same time prevents circumventing behaviour such as resource shuffling or the import of semi-finished or end products not covered under the mechanism;
17. Believes that the actual carbon content of imported goods should be taken into account in the calculation method to the maximum extent possible, while not causing additional difficulties and disadvantages for European industry; notes the difficulties in gathering verified and reliable data on the carbon content of end or intermediate products due to international value chains; therefore asks the Commission to assess the technical feasibility and availability of reliable data from importers and exporters, e.g. by exploring the potential of advanced technologies like block chain, and to propose solutions if needed; stresses therefore the importance of establishing a thorough monitoring, reporting and verification system in order to evaluate the efficiency of the mechanism; considers that independent third-party verification could be considered a tool to ensure the reliability of the data;
18. Calls on the Commission to provide technical advice and support to industries at home and abroad, especially for SMEs, in setting up reliable greenhouse gas emission accounting systems for imports in order to maintain a strong European industry without causing technical obstacles for trading partners; calls further on the Commission to ensure that importers are allowed to demonstrate the low carbon content of their products, giving them the opportunity to have their carbon payments lowered or be exempted for these products; calls on the Commission to guarantee feasibility and compatibility with the EU emissions trading system;
19. Notes further that in order to prevent unfair competition on the European market, no competitive disadvantages among competing materials should be created by the

mechanism; underlines that the most climate-friendly materials should not suffer competitive disadvantages;

20. Believes that the mechanism should take account of the specific situations of least developed countries that have not emitted much historically; stresses that it should not hamper their sustainable development and that their situation should not be further aggravated by relocating polluting industries which are detrimental to the environment and local populations;
21. Calls on the Commission to analyse the possibility of starting to implement the mechanism with a gradual phasing out of free allowances, which would be kept during a transitional phase until the mechanism is fully phased in and efficient; stresses that there should be no double protection and that the mechanism needs to be WTO-compatible;
22. Invites the Commission to assess the possibility of establishing fully WTO-compatible export rebates for the most virtuous industrial actors in terms of carbon efficiency in the design of the mechanism;
23. Underlines that according to its resolution of 14 November 2018 entitled ‘the Multiannual Financial Framework 2021-2027 – Parliament’s position with a view to an agreement’¹ and its legislative resolution adopted in plenary on 16 September 2020 on the draft Council decision on the system of own resources of the European Union², the resources generated by the mechanism shall be considered European own resources;
24. Calls on the Commission to take into account the social dimension of the mechanism in its upcoming proposal in order to ensure fair burden-sharing; notes that the mechanism could lead to higher product prices for consumers; underlines that consumers, especially those with low incomes, should not suffer from a higher burden on their purchasing power; calls on the Commission and the Member States to assess the potential impacts on living standards, especially of those from vulnerable groups and in Member States that heavily rely on imports from third countries, and to take effective measures to support low-income households and work towards compensating the risk of any rise in the price of imported goods as a result of the implementation of the mechanism;
25. Calls on the Commission to conduct a thorough impact assessment of all the available options for different mechanisms, designs and alternatives before presenting a legislative proposal, in order to evaluate how far they incentivise international climate action and prevent the risk of carbon and investment leakage and to see which instrument achieves the goal of global climate ambition in the most effective way; advises the Commission to make the objective of achieving climate neutrality by 2050 the leading factor in the choice of the form of the mechanism;
26. Calls on the Commission, in its impact assessment, to identify measures for sectors where the risk of carbon leakage is highest while taking into consideration their competitiveness; calls on the Commission to assess the effects of the mechanism on trade partners, including on our neighbouring countries and developing countries; calls further on the Commission to make the results of the impact assessment publicly

¹ Texts adopted, P8_TA(2018)0449.

² Texts adopted, P9_TA(2020)0220.

available as soon as possible, and before the publication of its legislative proposal;

27. Calls for a special evaluation of the impact of the mechanism on SMEs and on competition within the internal market; calls for the creation, if needed, of a support mechanism for SMEs to successfully adjust to the new market reality, thereby preventing them from being victims of unfair practices by larger market players;
28. Emphasises its importance in ensuring the representation of European citizens and their interests are represented and in contributing to the achievement of EU priorities such as climate protection, sustainable growth and international competitiveness; therefore calls on the Commission and the Council to fully involve Parliament, as co-legislator, in the legislative process to establish the mechanism.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	15.12.2020
Result of final vote	+: 37 -: 32 0: 4
Members present for the final vote	François Alfonsi, Nicola Beer, François-Xavier Bellamy, Hildegard Bentele, Tom Berendsen, Vasile Blaga, Manuel Bompard, Paolo Borchia, Markus Buchheit, Cristian-Silviu Buşoi, Jerzy Buzek, Carlo Calenda, Andrea Caroppo, Maria da Graça Carvalho, Ciarán Cuffe, Nicola Danti, Pilar del Castillo Vera, Christian Ehler, Valter Flego, Niels Fuglsang, Lina Gálvez Muñoz, Claudia Gamon, Jens Geier, Nicolás González Casares, Bart Groothuis, Christophe Grudler, András Gyürk, Henrike Hahn, Robert Hajšel, Ivo Hristov, Ivars Ijabs, Romana Jerković, Eva Kaili, Seán Kelly, Izabela-Helena Kloc, Łukasz Kohut, Zdzisław Krasnodębski, Andrius Kubilius, Miapetra Kumpula-Natri, Thierry Mariani, Eva Maydell, Joëlle Mélin, Iskra Mihaylova, Dan Nica, Angelika Niebler, Ville Niinistö, Aldo Patriciello, Mauri Pekkarinen, Mikuláš Peksa, Tsvetelina Penkova, Morten Petersen, Markus Pieper, Clara Ponsatí Obiols, Jérôme Rivière, Robert Roos, Sara Skytvedal, Maria Spyrali, Jessica Stegrud, Beata Szydło, Riho Terras, Grzegorz Tobiszowski, Patrizia Toia, Evžen Tošenovský, Marie Toussaint, Isabella Tovaglieri, Henna Virkkunen, Pernille Weiss, Carlos Zorrinho
Substitutes present for the final vote	Damien Carême, Eleonora Evi, Klemen Grošelj, Alicia Homs Ginell, Elena Lizzi

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

37	+
EPP	François-Xavier Bellamy
S&D	Carlo Calenda, Niels Fuglsang, Lina Gálvez Muñoz, Jens Geier, Nicolás González Casares, Robert Hajšel, Alicia Homs Ginel, Ivo Hristov, Romana Jerković, Eva Kaili, Lukasz Kohut, Miapetra Kumpula-Natri, Dan Nica, Tsvetelina Penkova, Patrizia Toia, Carlos Zorrinho
RENEW	Nicola Beer, Nicola Danti, Valter Flego, Claudia Gamon, Klemen Groselj, Christophe Grudler, Ivars Ijabs, Iskra Mihaylova, Mauri Pekkarinen, Morten Petersen
Greens	François Alfonsi, Damien Carême, Ciarán Cuffe, Eleonora Evi, Henrike Hahn, Ville Niinistö, Mikuláš Peksa, Marie Toussaint
GUE	Manuel Bompard
NI	Clara Ponsatí Obiols

32	-
EPP	Hildegard Bentele, Tom Berendsen, Vasile Blaga, Cristian-Silviu Buşoi, Jerzy Buzek, Maria da Graça Carvalho, Pilar Del Castillo Vera, Christian Ehler, András Gyurk, Seán Kelly, Andrius Kubilius, Eva Maydell, Angelika Niebler, Aldo Patriciello, Markus Pieper, Sara Skytvedal, Maria Spyrali, Riho Terras, Henna Virkkunen, Pernille Weiss
ID	Paolo Borchia, Markus Buchheit, Elena Lizzi, Isabella Tovaglieri
ECR	Izabela-Helena Kloc, Zdzisław Krasnodębski, Robert Roos, Jessica Stegrud, Beata Szydło, Grzegorz Tobiszowski, Evžen Tošenovský
NI	Andrea Caroppo

4	0
RENEW	Bart Groothuis
ID	Thierry Mariani, Joëlle Mélin, Jérôme Rivière

Key to symbols:

+ : in favour

- : against

0 : abstention

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	5.2.2021
Result of final vote	+: 58 -: 8 0: 10
Members present for the final vote	Nikos Androulakis, Margrete Auken, Simona Baldassarre, Marek Paweł Balt, Traian Băsescu, Aurélie Beigneux, Monika Beňová, Sergio Berlato, Alexander Bernhuber, Malin Björk, Simona Bonafè, Delara Burkhardt, Pascal Canfin, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Nathalie Colin-Oesterlé, Esther de Lange, Christian Doleschal, Marco Dreosto, Bas Eickhout, Cyrus Engerer, Eleonora Evi, Agnès Evren, Pietro Fiocchi, Andreas Glück, Catherine Griset, Jytte Guteland, Teuvo Hakkarainen, Martin Hojsík, Pär Holmgren, Jan Huitema, Yannick Jadot, Adam Jarubas, Karin Karlsbro, Petros Kokkalis, Joanna Kopcińska, Ryszard Antoni Legutko, Javi López, César Luena, Fulvio Martusciello, Liudas Mažylis, Joëlle Mélin, Tilly Metz, Silvia Modig, Dolors Montserrat, Alessandra Moretti, Dan-Ștefan Motreanu, Ljudmila Novak, Grace O’Sullivan, Jutta Paulus, Stanislav Polčák, Jessica Polfjärd, Luisa Regimenti, Frédérique Ries, María Soraya Rodríguez Ramos, Rob Rooker, Silvia Sardone, Christine Schneider, Günther Sidl, Ivan Vilibor Sinčić, Linea Søgaaard-Lidell, Nicolae Ștefănuță, Nils Torvalds, Edina Tóth, Véronique Trillet-Lenoir, Petar Vitanov, Alexandr Vondra, Mick Wallace, Pernille Weiss, Michal Wiezik, Tiemo Wölken, Anna Zalewska
Substitutes present for the final vote	Manuel Bompard, István Ujhelyi, Inese Vaidere

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

58	+
NI	Ivan Vilibor Sinčić
PPE	Traian Băsescu, Alexander Bernhuber, Nathalie Colin-Oesterlé, Christian Doleschal, Agnès Evren, Adam Jarubas, Fulvio Martusciello, Liudas Mažylis, Dolors Montserrat, Dan-Ștefan Motreanu, Ljudmila Novak, Stanislav Polčák, Jessica Polfjärd, Christine Schneider, Edina Tóth, Inese Vaidere, Pernille Weiss, Michal Wiezik
Renew	Pascal Canfin, Martin Hojsik, Jan Huitema, Karin Karlsbro, Frédérique Ries, Maria Soraya Rodríguez Ramos, Nicolae Ștefănuță, Linea Søgaard-Lidell, Nils Torvalds, Véronique Trillet-Lenoir
S&D	Nikos Androulakis, Marek Paweł Balt, Monika Beňová, Simona Bonafè, Delara Burkhardt, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Cyrus Engerer, Jytte Guteland, Javi López, César Luena, Alessandra Moretti, Günther Sidl, István Ujhelyi, Petar Vitanov, Tiemo Wölken
The Left	Malin Björk, Petros Kokkalis, Silvia Modig, Mick Wallace
Verts/ALE	Margrete Auken, Bas Eickhout, Eleonora Evi, Pär Holmgren, Yannick Jadot, Tilly Metz, Grace O'Sullivan, Jutta Paulus

8	-
ECR	Sergio Berlato, Pietro Fiocchi, Joanna Kopcińska, Ryszard Antoni Legutko, Rob Rooken, Alexandr Vondra, Anna Zalewska
The Left	Manuel Bompard

10	0
ID	Simona Baldassarre, Aurelia Beigneux, Marco Dreosto, Catherine Griset, Teuvo Hakkarainen, Joëlle Mélin, Luisa Regimenti, Silvia Sardone
PPE	Esther de Lange
Renew	Andreas Glück

Key to symbols:

+ : in favour

- : against

0 : abstention