

BUDG FINAL COMPROMISES ON CBAM after Shadows Meeting

COMP 1

RATIONALE FOR CBAM AS AN OWN RESOURCE

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

Compromise amendment replacing Amendments 2, 4, 5, 17, 18, 20, 21, 40, 48, 49, 51, 52, 54

Proposal for a regulation

Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) The revenues generated should be attributed to the Union budget as an own resource in accordance with the procedures set out in Article 311 TFEU, pursuant to Annex 2 of the Interinstitutional Agreement of 16 December 2020^{1a} and as proposed by the Commission on 22 December 2021 in its legislative proposal to amend the Own Resources Decision^{1b}. The CBAM-based own resource would thus be part of a basket of own resources whose total proceeds should be 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. Together with the ETS-based own resource, these two green own resources should also link the Union budget with the Union's policy priorities, and thus add value. They should contribute to the climate mainstreaming objectives and the resilience of the Union budget as a tool for investments and guarantees.

^{1a} *Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in*

budgetary matters and on sound financial management, as well as on new own resources, including a roadmap for the introduction of new own resources (OJ L 433I, 22.12.2020, p. 28.).

^{1b} COM(2021)0570 final.

Proposal for a regulation
Recital 13 b (new)

Text proposed by the Commission

Amendment

(13 b) The principle of universality ~~which~~ implies there can be no earmarking or assignment of any particular own resource to cover a specific type of expenditure. The CBAM together with the ETS-based own resource and one based on Pillar One of the OECD/G20 agreement further embed EU policy priorities such as the European Green Deal and the Union's contribution to fair taxation in the revenue side of the EU budget to provide EU added value. New own resources should contribute to climate mainstreaming, improve the resilience of the Union budget as a tool for investments and guarantees and - by diversifying the number of revenue sources - mitigate the risks to the EU budget on the revenue side and alleviate the burden of repayment of debts on national budgets.

Proposal for a regulation
Recital 60 a (new)

Text proposed by the Commission

Amendment

(60a) Once the revenues generated by CBAM are attributed to the Union budget as own resources, the Member States authorities involved in the implementation of the CBAM and the Union institutions involved in managing the Union budget should respect the principle of mutual sincere cooperation in the levying,

collecting and making available of the revenues. The Commission should assist Member States, economic operators and citizens with relevant information, technical and administrative support and advice, about CBAM requirements.

Proposal for a regulation
Article 24 a (new)

Text proposed by the Commission

Amendment

Article 24a

Revenues generated by the sale of CBAM certificates

The revenues generated by the sale of CBAM certificates shall not constitute assigned revenue. This Regulation shall not prevent revenues generated by the sale of CBAM certificates from being defined as own resources in accordance with Article 311 TFEU and entered in the Union budget as general income.

COMP 2

CBAM AUTHORITY AND WORKING STRUCTURE

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

Compromise amendment replacing Amendments 22, 29, 34, 36, 41, 43, 44, 45, 46, 47, 49

Proposal for a regulation Recital 13 c (new)

Text proposed by the Commission

Amendment

(13 b) The Commission should make an analysis of the administrative costs the CBAM incurs, while ensuring that staff receive adequate training to perform their duties.

Proposal for a regulation Recital 61 a (new)

Text proposed by the Commission

Amendment

(61 a) Underlines the importance of avoiding an excessive administrative burden and costs for the implementation of the CBAM on both the Commission and the Member States, and of keeping the complexity of the system as low as possible while ensuring its proper functioning and transparency. The CBAM Authority should be funded in a way to guarantee its viable functioning, and enabling sound financial management. Any costs of the creation and operation of the authority ought to be borne by the general income of the Union budget.

Proposal for a regulation Chapter III – title

Text proposed by the Commission

Amendment

III *Competent authorities*

III *CBAM Authority*

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Proposal for a regulation

Article 11 – title

Text proposed by the Commission

Amendment

Competent *authorities*

Proposal for a regulation

Article 11 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

Each Member State shall designate the competent authority to carry out the obligations under this Regulation and inform the Commission thereof.

The Commission shall establish the CBAM authority to perform the obligations under this Regulation.

Proposal for a regulation

Article 11 – paragraph 2

Text proposed by the Commission

Amendment

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

deleted

Proposal for a regulation

Article 12

Text proposed by the Commission

Amendment

Article 12

deleted

Commission

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

COMP 3

WTO

EPP, S&D, RE, Greens, ID, ECR, The Left
Compromise amendment replacing Amendments 1, 8

Amendment 1

Proposal for a regulation **Recital 13**

Text proposed by the Commission

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

Amendment

(13) As an instrument to prevent carbon leakage and reduce GHG emissions the CBAM should ensure that imported products are subject to a regulatory system that applies carbon costs equivalent to the ones that otherwise would have been borne under the EU ETS. The CBAM is a climate measure which should prevent the risk of carbon leakage and support the Union's increased ambition on climate mitigation **and preventing further environmental harm**, while ensuring WTO compatibility. ***The CBAM is therefore decidedly not a fiscal instrument motivated by the opportunity to generate public income and thus is compatible with WTO rules.***

COMP 4**FINANCIAL SUPPORT TO LDCs****EPP, S&D, RE, Greens, ID, ECR, The Left**

Compromise amendment replacing Amendments 3, 31, 32, 33

Amendment 3**Proposal for a regulation
Recital 55***Text proposed by the Commission*

(55) As the CBAM aims to encourage cleaner production processes, the EU stands ready to work with low and middle-income countries towards the de-carbonisation of their manufacturing industries. Moreover, the Union should support less developed countries with the necessary technical assistance in order to facilitate their adaptation to the new obligations established by this regulation.

Amendment

(55) As the CBAM aims to encourage cleaner production processes, the EU stands ready to work with low and middle-income countries towards the de-carbonisation of their manufacturing industries. Moreover, the Union should support less developed countries with the necessary technical assistance in order to facilitate their adaptation to the new obligations established by this regulation. ***In so far as applicable and eligible, support to least developed countries' efforts towards the de-carbonisation of their manufacturing industries should be financed under the relevant expenditure programmes in the Union budget, including through reinforcing climate spending within the relevant geographic and thematic programmes of the Neighbourhood, Development and International Cooperation Instrument established by Regulation (EU) 2021/947 of the European Parliament and of the Council^{1a}.***

^{1a} Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of

the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1).