



2021/0214(COD)

6.4.2022

OPINION

of the Committee on Economic and Monetary Affairs

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

on the proposal for a regulation of the European Parliament and of the Council
establishing a carbon border adjustment mechanism
(COM(2021)0564 – C9-0328/2021 – 2021/0214(COD))

Rapporteur for opinion: Damien Carême

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SHORT JUSTIFICATION

In 2015 the European Union signed the Paris Agreement, in which countries made a commitment to limit the rise in temperatures to 1.5 °C. Six years on it is clear that global warming is triggering tipping points within ecosystems¹ and that the EU's target of a 55% reduction in net emissions by 2030 is not enough to stay on the pathway of the Paris Agreement: more ambitious measures are needed.

Since the effects of climate change are felt all over the planet and the climate emergency knows no borders, coordinated global action is required. This is one of the main objectives of the Carbon Border Adjustment Mechanism (CBAM): to encourage greater climate ambition internationally through a virtuous circle of pricing of carbon and other greenhouse gases. To live up to its promise, the mechanism must be designed to give industries in Europe and elsewhere a real incentive to reduce their emissions and accelerate their transition.

To act as an incentive to reduce emissions in the EU and worldwide, the CBAM must replace current protection measures against the risks of carbon leakage. The CBAM's targets are incompatible with the maintenance until 2035 of allowances allocated free of charge to the sectors covered by the mechanism. Maintaining these allowances would not only hamper the application of the 'polluter pays' principle, but would also considerably weaken the incentive to take climate action within and outside the EU, given that more than 95% of industrial emissions² are currently covered by free allowances. To respond to the climate emergency while taking account of the affected industries' need to gather information and plan ahead, a two-year transition period should be provided for. The CBAM should come into force fully from 1 January 2025, in parallel with the phasing out of the free allowances.

Furthermore, as a tool of our climate policy, the CBAM should focus not only on the ETS sectors presenting the greatest risk of carbon leakage, but also and especially on the sectors that contribute the most to global warming. Although the Commission's proposal includes a number of the most carbon-intensive sectors, others such as the chemical and plastics sectors are absent: a proposal that also covers the missing sectors and downstream products should be put forward before the end of the transitional period. In addition, as soon as the mechanism comes into force, its scope should be extended to indirect emissions because their inclusion would better reflect the carbon cost borne by European industry and would encourage third countries exporting to the EU to adopt production processes that generate lower emissions too.

It is essential to ensure that implementation of the CBAM is effective and fair. Consequently, any fraud should be carefully examined and severely punished. If necessary, the CBAM should be adapted to prevent and combat these practices. Closer coordination between the competent authorities of the Member States is also essential in this regard. The creation of a European CBAM Authority should be seriously examined to facilitate the mechanism's implementation

¹ Preliminary Findings of the Intergovernmental Panel on Climate Change (IPCC), June 2021.

² <https://ercst.org/2020-state-of-the-eu-ets-report/>

and strengthen coordination between authorities: before the end of the transitional period, the Commission will have to provide a detailed examination of the question, accompanied by a legislative proposal on the matter, where relevant.

Finally, since the CBAM aims to encourage a greater climate ambition internationally, the implementation of this mechanism should be accompanied by multilateral and bilateral cooperation initiatives on the climate. With this in mind, at least a share of the revenues generated by the CBAM should be used to help support climate action in the least developed countries. This reinforces the coherence of the objectives of this mechanism and its compatibility with WTO principles. It should also be recognised that the impact of carbon pricing can be much greater for low-income countries. That is why countries designated by the UN as least developed countries should be exempted from some CBAM obligations, while giving the Commission responsibility for ensuring that this does not lead to circumventions.

The CBAM is essential to reduce emissions at European and global level while protecting industries from competition that is unfair and dangerous for the climate. However, it is vitally important to recognise that the CBAM will not be sufficient to decarbonise European industry and to secure global climate action that is finally in line with the Paris Agreement targets. At national, European and global level, the CBAM must be part of a much more extensive policy of decarbonising industry, reducing emissions and preserving biodiversity.

AMENDMENTS

The Committee on Economic and Monetary Affairs calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) The Commission has, in its communication on the European Green Deal³¹, set out a new growth strategy that aims to transform the Union into a fair and prosperous society, with a modern, resource-efficient and competitive economy, where there are no net emissions (emissions after deduction of removals) of greenhouse gases ('GHG emissions') in 2050 and where economic growth is decoupled from resource use. The

Amendment

(1) The Commission has, in its communication on the European Green Deal³¹, set out a new growth strategy that aims to transform the Union into a fair and prosperous society, with a modern, resource-efficient, **open** and competitive economy, where there are no net emissions (emissions after deduction of removals) of greenhouse gases ('GHG emissions') in 2050 and where economic growth is decoupled from resource use. The

European Green Deal also aims to protect, conserve and enhance the EU's natural capital, **and** protect the health and well-being of citizens from environment-related risks and impacts. At the same time, that transformation must be just and inclusive, leaving no one behind. The Commission also announced in its EU Action Plan: Towards Zero Pollution for Air, Water and Soil³² the promotion of relevant instruments and incentives to better implement the polluter pays principle as set out in Article 191(2) of the Treaty on the Functioning of the European Union ('TFEU') and thus complete the phasing out of 'pollution for free' with a view to maximising synergies between decarbonisation and the zero pollution ambition.

European Green Deal also aims to protect, conserve and enhance the EU's natural capital, **to** protect the health and well-being of citizens **and future generations** from environment-related risks and impacts **and to contribute to the achievement of the objectives of the Paris Agreement and the Convention on Biological Diversity, as well as the United Nations Sustainable Development Goals**. At the same time, that transformation must be just and inclusive, leaving no one behind. The Commission also announced in its EU Action Plan: Towards Zero Pollution for Air, Water and Soil³² the promotion of relevant instruments and incentives to better implement the polluter pays principle as set out in Article 191(2) of the Treaty on the Functioning of the European Union ('TFEU') and thus complete the phasing out of 'pollution for free' with a view to maximising synergies between decarbonisation and the zero pollution ambition.

³¹ Communication from the Commission of 11 December 2019 on the European Green Deal (COM(2019)0640).

³² Communication from the Commission of 12 May 2021 on Pathway to a Healthy Planet for All (COM(2021)0400).

³¹ Communication from the Commission of 11 December 2019 on the European Green Deal (COM(2019)0640).

³² Communication from the Commission of 12 May 2021 on Pathway to a Healthy Planet for All (COM(2021)0400).

Amendment 2

Proposal for a regulation Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) Subject to compliance with the specific measures set out in Article XX of the General Agreement on Tariffs and Trade, there is nothing to prevent the adoption or application by any WTO member of measures necessary to protect the health and life of people and animals and the preservation of plant life, or

related to the conservation of finite natural resources.

Amendment 3

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) Tackling climate and other environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the European Green Deal. The value of the European Green Deal has only grown in light of the very severe effects of the COVID-19 pandemic on *the* health and economic well-being of the Union's citizens.

Amendment

(3) Tackling climate and other environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the European Green Deal. The value of the European Green Deal has only grown in light of the very severe effects of the COVID-19 pandemic on *public* health, *national health systems and citizens' health security, as well as on the resilience of economies, the competitiveness of companies in the Union* and *the* economic well-being of the Union's citizens, *particularly with regard to employment and working conditions.*

Amendment 4

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) The Special Report of the Intergovernmental Panel on Climate Change (IPCC) on the impacts of global temperature increases of 1.5°C above pre-industrial levels and related global GHG emission pathways³⁶ provides a strong scientific basis for tackling climate change and illustrates the need to step up climate action. That report confirms that in order to reduce the likelihood of extreme weather events, GHG emissions need to be urgently reduced, and that climate change needs to be limited to a global temperature increase of 1.5°C.

Amendment

(6) The Special Report of the Intergovernmental Panel on Climate Change (IPCC) on the impacts of global temperature increases of 1.5°C above pre-industrial levels and related global GHG emission pathways³⁶ provides a strong scientific basis for tackling climate change and illustrates the need to step up climate action. That report confirms that in order to reduce the likelihood of extreme weather events, GHG emissions need to be urgently reduced, and that climate change needs to be limited to a global temperature increase of 1.5°C. *Only through multilateral efforts and if the Union and its main trading partners step up their efforts will*

it be possible to achieve the objectives set out in the Paris Agreement.

³⁶ IPCC, 2018: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)].

³⁶ IPCC, 2018: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)].

Amendment 5

Proposal for a regulation Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) The Union has a responsibility to continue to play a leading role in global climate action, in cooperation with all of the world's other economies.

Amendment 6

Proposal for a regulation Recital 8

Text proposed by the Commission

Amendment

(8) As long as a significant number of the Union's international partners have policy approaches that do not result in the same level of climate ambition, there **is** a risk of carbon leakage. Carbon leakage occurs if, for reasons of costs related to climate policies, businesses in certain industry sectors or subsectors were to transfer production to other countries or

(8) As long as a significant number of the Union's international partners have policy approaches that do not result in the same level of climate ambition **and action in mitigating climate change, and as the Union increases its climate ambition**, there **could be** a risk of carbon leakage. Carbon leakage occurs if, for reasons of costs related to climate policies, businesses

imports from those countries would replace equivalent but less GHG emissions intensive products. That could lead to an increase in their total emissions globally, thus jeopardising the reduction of GHG emissions that is urgently needed if the world is to keep the global average temperature to well below 2 °C above pre-industrial levels.

in certain industry sectors or subsectors were to transfer production to other countries ***that do not tax GHG emissions or tax at a lower rate*** or imports from those countries would replace equivalent but less GHG emissions intensive products. That could lead to an increase in their total emissions globally, thus jeopardising the reduction of GHG emissions that is urgently needed if the world is to keep the global average temperature to well below 2 °C above pre-industrial levels. ***The risk of carbon leakage is particularly prevalent in trade-exposed and carbon-intensive industrial sectors.***

Amendment 7

Proposal for a regulation Recital 9

Text proposed by the Commission

(9) The initiative for a carbon border adjustment mechanism ('CBAM') is a part of the 'Fit for 55 Package'. That mechanism is to serve as an essential element of the EU toolbox to meet the objective of a climate-neutral Union ***by 2050*** in line with the Paris Agreement by addressing risks of carbon leakage resulting from the increased Union climate ambition.

Amendment

(9) The initiative for a carbon border adjustment mechanism ('CBAM') is a part of the 'Fit for 55 Package'. That mechanism is to serve as an essential element of the EU toolbox to meet the objective of a climate-neutral Union ***fully*** in line with the Paris Agreement ***and WTO rules*** by addressing risks of carbon leakage resulting from the increased Union climate ambition ***whilst ensuring a level playing field within the single market and by incentivising more ambitious climate action internationally.***

Amendment 8

Proposal for a regulation Recital 10

Text proposed by the Commission

(10) Existing mechanisms to address the risk of carbon leakage in sectors or sub-sectors at risk of carbon leakage are the transitional free allocation of EU ETS

Amendment

(10) Existing mechanisms to address the risk of carbon leakage in sectors or sub-sectors at risk of carbon leakage are the transitional free allocation of EU ETS

allowances and financial measures to compensate for indirect emission costs incurred from GHG emission costs passed on in electricity prices respectively laid down in Articles 10a(6) and 10b of Directive 2003/87/EC. However, free allocation under the EU ETS *weakens* the price signal that the system provides for the installations receiving *it* compared to full auctioning and *thus affects* the incentives for investment into further abatement of emissions.

allowances and financial measures to compensate for indirect emission costs incurred from GHG emission costs passed on in electricity prices respectively laid down in Articles 10a(6) and 10b of Directive 2003/87/EC. However, free allocation under the EU ETS *and compensation for indirect emission costs have contributed to reducing the risk of carbon leakage but weaken* the price signal that the system provides for the installations receiving *them* compared to full auctioning and *payment in full of indirect emission costs, and thus affect* the incentives for investment into further abatement of emissions. *Moreover, in its 2020 audit report, the European Court of Auditors found that the transitional free allocation of allowances under the EU ETS between 2013 and 2018 was not well enough targeted to encourage the reduction of greenhouse gas emissions. Furthermore, the free allowances under the ETS weaken the CBAM's compatibility with WTO rules. The CBAM will therefore be introduced in parallel with the phasing out of the free allowances.*

Amendment 9

Proposal for a regulation Recital 11

Text proposed by the Commission

(11) The CBAM seeks to replace *these* existing *mechanisms by addressing the risk of* carbon leakage *in a different way, namely* by ensuring equivalent carbon pricing for imports and domestic products. *To ensure a gradual transition from the current system of free allowances to the CBAM, the CBAM* should be *progressively phased in while free allowances in sectors covered by the CBAM are phased out. The combined and transitional application of EU ETS allowances allocated free of charge and of*

Amendment

(11) The CBAM seeks to replace *progressively the* existing carbon leakage *mechanisms*, by ensuring equivalent carbon pricing for imports and domestic products *and while ensuring that Union products exported to the global market are not replaced by more carbon intensive products, which would undermine the objective of reducing global emissions. The allocation* of free allowances should be phased out *in parallel with the phasing-in* of the CBAM.

the CBAM *should in no case result in more favourable treatment for Union goods compared to goods imported into the customs territory of the Union.*

Amendment 10

Proposal for a regulation Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) This gradual transition should be supported by a review mechanism in which the Commission assesses the implementation and the effectiveness of the instrument in terms of protecting against the risk of carbon leakage. Moreover, the Commission should carry out an analysis of the mechanism's impact on export markets and assess the necessity of introducing support measures for exports that would remain WTO-compliant and consistent with the Union's climate and environmental objectives or other measures to address the carbon leakage risk on export markets.

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Amendment 11

Proposal for a regulation Recital 12

Text proposed by the Commission

Amendment

(12) While the objective of the CBAM is to prevent the risk of carbon leakage, this Regulation would also encourage the use of more GHG emissions-efficient technologies by producers from third countries, so that less emissions per unit of output are generated.

(12) The CBAM would also promote the reduction of the Union's imported emissions by encouraging the deployment and use of more GHG emissions-efficient technologies by producers from third countries, so that less emissions per unit of output are generated. It will therefore be relevant to export more sustainable products manufactured in the Union and avoid substitutes at a global level with higher carbon footprints, thus preserving

the Union's economic and industrial competitiveness.

Amendment 12

Proposal for a regulation

Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) While the objective of the CBAM, combined with a revised ETS, is primarily to reduce GHG emissions inside and outside the Union in the pursuit of the Paris Agreement targets and the 2050 decarbonisation target, the CBAM could also bring other economic and climate benefits. By contributing to ensuring effective and meaningful carbon pricing, this Regulation can act as an economic incentive to spur investments in the decarbonisation of the economies of the Union and the world and promote the reduction of the Union's imported emissions. This Regulation can also act as an incentive for a greater climate ambition and promote multilateral dialogue with a view to setting a minimum carbon price globally.

Amendment 13

Proposal for a regulation

Recital 13

Text proposed by the Commission

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,

(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 ***and environmental protection*** measure which should prevent the risk of carbon leakage and support the Union's increased ambition on climate mitigation, while

while ensuring WTO compatibility.

ensuring WTO compatibility.

Amendment 14

Proposal for a regulation Recital 15

Text proposed by the Commission

(15) In order to exclude from the CBAM third countries or territories fully integrated into, or linked, to the EU ETS in the event of future agreements, the power to adopt acts in accordance with Article 290 of TFEU should be delegated to the Commission in respect of amending the list of countries in Annex II. Conversely, those third countries or territories should be excluded from the list in Annex II and be subject to CBAM whereby they do not effectively charge the ETS price on goods exported to the Union.

Amendment

(15) In order to exclude from the CBAM third countries or territories fully integrated into, or linked, to the EU ETS in the event of future agreements, ***and where the carbon cost burden is equivalent to that under the EU ETS***, the power to adopt acts in accordance with Article 290 of TFEU should be delegated to the Commission in respect of amending the list of countries in Annex II. Conversely, those third countries or territories should be excluded from the list in Annex II and be subject to CBAM whereby they do not effectively charge the ETS price on goods exported to the Union. ***The Commission should consistently monitor the status of third countries in order to allow for an appropriate classification.***

Amendment 15

Proposal for a regulation Recital 17

Text proposed by the Commission

(17) The GHG emissions to be regulated by the CBAM should correspond to those GHG emissions covered by Annex I to the EU ETS in Directive 2003/87/EC, namely carbon dioxide ('CO₂') as well as, where relevant, nitrous oxide ('N₂O') and perfluorocarbons ('PFCs'). The CBAM should ***initially*** apply to direct emissions of those GHG from the production of goods up to the time of import into the customs territory of the Union, and after the end of a transition period ***and upon further assessment***, as well to indirect emissions,

Amendment

(17) The GHG emissions to be regulated by the CBAM should correspond to those GHG emissions covered by Annex I to the EU ETS in Directive 2003/87/EC, namely carbon dioxide ('CO₂') as well as, where relevant, nitrous oxide ('N₂O') and perfluorocarbons ('PFCs'). The CBAM should apply to direct emissions of those GHG from the production of goods up to the time of import into the customs territory of the Union, and after the end of a transition period, as well to indirect emissions, mirroring the scope of the EU

mirroring the scope of the EU ETS.

ETS. *If the ETS is to cover additional gases, the CBAM should reflect that change and also be extended to cover the emissions of those gases.*

Amendment 16

Proposal for a regulation

Recital 18

Text proposed by the Commission

(18) The EU ETS and the CBAM have a common objective of pricing GHG emissions embedded in the same sectors and goods through the use of specific allowances or certificates. Both systems have a regulatory nature and are justified by the need to curb GHG emissions, in line with the environmental objective set out in Union.

Amendment

(18) The EU ETS and the CBAM have a common objective of pricing GHG emissions embedded in the same sectors and goods through the use of specific allowances or certificates. Both systems have a regulatory nature and are justified by the **urgent** need to curb GHG emissions, in line with the environmental objective set out in Union **and in the Paris Agreement**.

Amendment 17

Proposal for a regulation

Recital 20

Text proposed by the Commission

(20) The CBAM system has some specific features compared with the EU ETS, including on the calculation of the price of CBAM certificates, on the possibilities to trade certificates and on their validity over time. These are due to the need to preserve the effectiveness of the CBAM as a measure preventing carbon leakage over time and to ensure that the management of the system is not excessively burdensome in terms of obligations imposed on the operators and of resources for the administration, while at the same time preserving an equivalent level of flexibility available to operators under the EU ETS.

Amendment

(20) The CBAM system has some specific features compared with the EU ETS, including on the calculation of the price of CBAM certificates, on the possibilities to trade certificates and on their validity over time. These are due to the need to preserve the effectiveness of the CBAM as a measure preventing carbon leakage over time and to ensure that the management of the system is not excessively burdensome in terms of obligations imposed on the operators and **Union enterprises, particularly SMEs and micro-enterprises**, of resources for the administration, while at the same time preserving an equivalent level of flexibility available to operators under the EU ETS.

Amendment 18

Proposal for a regulation

Recital 21

Text proposed by the Commission

(21) In order to preserve *its* effectiveness as a carbon leakage measure, ***the CBAM*** needs to reflect closely the EU ETS price. While on the EU ETS market the price of allowances is determined through auctions, the price of CBAM certificates should reasonably reflect the price of such auctions through averages calculated on a weekly basis. Such weekly average prices reflect closely the price fluctuations of the EU ETS and allow a reasonable margin for importers to take advantage of the price changes of the EU ETS while at the same ensuring that the system remains manageable for the administrative authorities.

Amendment

(21) In order to preserve ***the CBAM's*** effectiveness as a carbon leakage measure, ***its direct emissions price*** needs to reflect closely the EU ETS price. While on the EU ETS market the price of allowances is determined through auctions, the price of CBAM certificates should reasonably reflect the price of such auctions through averages calculated on a weekly basis. Such weekly average prices reflect closely the price fluctuations of the EU ETS and allow a reasonable margin for importers to take advantage of the price changes of the EU ETS while at the same ensuring that the system remains manageable for the administrative authorities. ***The CBAM system should be carefully designed and supervised by the competent authorities to prevent, identify and punish all types of abuse or fraud.***

Amendment 19

Proposal for a regulation

Recital 22

Text proposed by the Commission

(22) Under the EU ETS, the total number of allowances issued (the 'cap') determines the supply of emission allowances and provides certainty about the maximum emissions of GHG. The carbon price is determined by the balance of this supply against the demand of the market. Scarcity is necessary for there to be a price incentive. As it is not possible to impose a cap on the number of CBAM certificates available to importers, if importers had the possibility to carry

Amendment

(22) Under the EU ETS, the total number of allowances issued (the 'cap') determines the supply of emission allowances and provides certainty about the maximum emissions of GHG. The carbon price is determined by the balance of this supply against the demand of the market. Scarcity is necessary for there to be a price incentive. As it is not possible to impose a cap on the number of CBAM certificates available to importers, if importers had the possibility to carry

forward and trade CBAM certificates, this could result in situations where the price for CBAM certificates would no longer reflect the evolution of the price in the EU ETS. That would weaken the incentive for decarbonisation between domestic and imported goods, favouring carbon leakage and impairing the overarching climate objective of the CBAM. It could also result in different prices for operators of different countries. Therefore, the limits to the possibilities to trade CBAM certificates and to carry them forward is justified by the need to avoid undermining the effectiveness and climate objective of the CBAM and to ensure even handed treatment to operators from different countries. However, in order to preserve the possibility for importers to optimise their costs, this Regulation should foresee a system where **authorities** can re-purchase a certain amount of excess certificates from the importers. Such amount is set at a level which allows a reasonable margin for importers to leverage their costs over the period of validity of the certificates whilst preserving the overall price transmission effect, ensuring that the environmental objective of the measure is preserved.

forward and trade CBAM certificates, this could result in situations where the price for CBAM certificates would no longer reflect the evolution of the price in the EU ETS. That would weaken the incentive for decarbonisation between domestic and imported goods, favouring carbon leakage and impairing the overarching climate objective of the CBAM. It could also result in different prices for operators of different countries. Therefore, the limits to the possibilities to trade CBAM certificates and to carry them forward is justified by the need to avoid undermining the effectiveness and climate objective of the CBAM and to ensure even handed treatment to operators from different countries. However, in order to preserve the possibility for importers to optimise their costs, this Regulation should foresee a system where **the Commission** can re-purchase a certain amount of excess certificates from the importers. Such amount is set at a level which allows a reasonable margin for importers to leverage their costs over the period of validity of the certificates whilst preserving the overall price transmission effect, ensuring that the environmental objective of the measure is preserved.

Amendment 20

Proposal for a regulation Recital 23

Text proposed by the Commission

(23) Given that the CBAM applies to imports of goods into the customs territory of the Union rather than to installations, certain adaptations and simplifications would also need to apply in the CBAM regime. One of those simplifications should consist in a declarative system where importers should report the total verified GHG emissions embedded in goods imported in a given calendar year. A different timing compared to the

Amendment

(23) Given that the CBAM applies to imports of goods into the customs territory of the Union rather than to installations, certain adaptations and simplifications would also need to apply in the CBAM regime. One of those simplifications should consist in a **simple and accessible** declarative system where importers should report the total verified GHG emissions embedded in goods imported in a given calendar year. A different timing compared to the

compliance cycle of the EU ETS should also be applied to avoid any potential bottleneck resulting from obligations for accredited verifiers under this Regulation and the EU ETS.

to the compliance cycle of the EU ETS should also be applied to avoid any potential bottleneck resulting from obligations for accredited verifiers under this Regulation and the EU ETS.

Amendment 21

Proposal for a regulation Recital 24

Text proposed by the Commission

(24) In terms of sanctions, Member States should apply penalties to infringements of this Regulation and ensure that they are implemented. The amount of those penalties should be identical to penalties currently applied within the Union in case of infringement of EU ETS according to Article 16(3) and (4) of Directive 2003/87/EC.

Amendment

(24) In terms of sanctions, Member States should apply penalties to infringements of this Regulation and ensure that they are implemented. The amount of those penalties should be identical to penalties currently applied within the Union in case of infringement of EU ETS according to Article 16(3) and (4) of Directive 2003/87/EC. ***Penalties to infringements of this Regulation, including for attempts at circumvention, should be dissuasive, so as to avoid undermining the effectiveness of the CBAM.***

Amendment 22

Proposal for a regulation Recital 28

Text proposed by the Commission

(28) Whilst the ultimate objective of the CBAM is a ***broad*** product coverage, it would be prudent to start with a selected number of sectors ***with relatively homogeneous*** products ***where there is a risk of carbon leakage***. Union sectors deemed at risk of carbon leakage are listed in Commission Delegated Decision 2019/708⁴².

Amendment

(28) Whilst the ultimate objective of the CBAM is a ***complete*** product coverage, it would be prudent to start with a selected number of sectors ***that are responsible for the largest share of GHG emissions***. ***Before the end of the transitional period, the Commission should present a legislative proposal to extend the scope of this Regulation to other products than those listed in Annex I. This should be based on an impact assessment on the effects of different possibilities and timelines for this further extension of the***

scope to the rest of the sectors referred to in the Commission Delegated Decision 2019/708⁴², including, among other elements, an extension to oil, paper, glass, plastics, chemicals and downstream products, as well as the components of finished products that use products covered by this Regulation. The Commission should take account of the potential social impacts of extending the scope and propose measures to minimise those effects, where necessary.

⁴² Commission Delegated Decision (EU) 2019/708 of 15 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council concerning the determination of sectors and subsectors deemed at risk of carbon leakage for the period 2021 to 2030 (OJ L 120, 8.5.2019, p. 2).

⁴² Commission Delegated Decision (EU) 2019/708 of 15 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council concerning the determination of sectors and subsectors deemed at risk of carbon leakage for the period 2021 to 2030 (OJ L 120, 8.5.2019, p. 2).

Amendment 23

Proposal for a regulation Recital 34

Text proposed by the Commission

(34) However, aluminium products should be included in the CBAM as they are highly exposed to carbon leakage. Moreover, in several industrial applications they are in direct competition with steel products because of characteristics closely resembling those of steel products. Inclusion of aluminium is also relevant as the scope of *the CBAM may be extended to cover also* indirect emissions *in the future*.

Amendment

(34) However, aluminium products should be included in the CBAM as they are highly exposed to carbon leakage. Moreover, in several industrial applications they are in direct competition with steel products because of characteristics closely resembling those of steel products. Inclusion of aluminium is also relevant as the *Commission should propose an extension of the scope of CBAM to indirect emissions, accompanied by an impact assessment, at the end of the transitional period.*

Amendment 24

Proposal for a regulation Recital 39 a (new)

(39a) While competent authorities are responsible to handle requests for authorisations and to manage national registries, all the necessary information and data should be transmitted to the Commission through the EU central registry database. The Commission should have the responsibility to ensure the coordination of national registries inclusive of accounts of authorised declarants and accredited verifiers, to manage CBAM certificates, it should act as a central administrator and it should have the power to request from competent authorities whenever it considers relevant, information to tackle practices of circumvention, to avoid risks of mismanagement of declarations and CBAM certificates as well as fraud.

Amendment 25

Proposal for a regulation Recital 42

(42) The system should allow operators of production installations in third countries to register in a central database and to make their verified embedded GHG emissions from production of goods available to authorised declarants. An operator should be able to choose not to have ***its name***, address and contact details in the central database made accessible to the public.

(42) The system should allow operators of production installations in third countries to register in a central database and to make their verified embedded GHG emissions from production of goods available to authorised declarants. An operator should be able to choose not to have address and contact details in the central database made accessible to the public.

Amendment 26

Proposal for a regulation Recital 43

Text proposed by the Commission

(43) CBAM certificates differ from EU ETS allowances for which daily auctioning is an essential feature. The need to set a clear price for CBAM certificates makes a daily publication excessively burdensome and confusing for operators, as daily prices risk becoming obsolete upon publication. Thus, the publication of CBAM prices on a weekly basis would accurately reflect the pricing trend of EU ETS allowances and pursue the same climate objective. The calculation of the price of CBAM certificates should therefore be set on the basis of a longer timeframe (on a weekly basis) than in the timeframe established by the EU ETS (on a daily basis). The Commission should be tasked to calculate and publish that average price.

Amendment

(43) CBAM certificates differ from EU ETS allowances for which daily auctioning is an essential feature. The need to set a clear price for CBAM certificates makes a daily publication excessively burdensome and confusing for operators, as daily prices risk becoming obsolete upon publication. Thus, the publication of CBAM prices **for direct emissions** on a weekly basis would accurately reflect the pricing trend of EU ETS allowances and pursue the same climate objective. The calculation of the price of CBAM certificates should therefore be set on the basis of a longer timeframe (on a weekly basis) than in the timeframe established by the EU ETS (on a daily basis). The Commission should be tasked to calculate and publish that average price.

Amendment 27

Proposal for a regulation
Recital 44

Text proposed by the Commission

(44) In order to give the authorised declarants flexibility in complying with their CBAM obligations and allow them to benefit from fluctuations in the price of EU ETS allowances, the CBAM certificates should be valid for a period of two years from the date of purchase. The authorised declarant should be allowed to re-sell to the **national authority** a portion of the certificates bought in excess. The authorised declarant should build up during the year the amount of certificates required at the time of surrendering, with thresholds set at the end of each quarter.

Amendment

(44) In order to give the authorised declarants flexibility in complying with their CBAM obligations and allow them to benefit from fluctuations in the price of EU ETS allowances, the CBAM certificates should be valid for a period of two years from the date of purchase. The authorised declarant should be allowed to re-sell to the **Commission** a portion of the certificates bought in excess. The authorised declarant should build up during the year the amount of certificates required at the time of surrendering, with thresholds set at the end of each quarter.

Amendment 28

Proposal for a regulation

Recital 50

Text proposed by the Commission

(50) A transitional period should apply during the period 2023 until 2025. A CBAM without financial adjustment should apply, with the objective to facilitate a smooth roll out of the mechanism hence reducing the risk of disruptive impacts on trade. Declarants should have to report on a quarterly basis the actual embedded emissions in goods imported during the transitional period, detailing direct and indirect emissions as well as any carbon price paid abroad.

Amendment

(50) A transitional period should apply during the period 2023 until 2025. A CBAM without financial adjustment should apply, with the objective to facilitate a smooth roll out of the mechanism hence reducing the risk of disruptive impacts on trade. Declarants should have to ***submit a quarterly report that is easy to read, accessible and drawn up in accordance with a common template***, on the actual embedded emissions in goods imported during the transitional period, detailing direct and indirect emissions as well as any carbon price paid abroad.

Amendment 29

Proposal for a regulation Recital 52

Text proposed by the Commission

(52) The Commission should evaluate the application of this Regulation ***before the end of the transitional period and*** report to the European Parliament and the Council. ***The report of the Commission should in particular focus on possibilities to enhance*** climate actions towards the objective of a climate neutral Union by 2050. The Commission should, as part of that evaluation, initiate collection of information necessary to ***possibly extend the scope to indirect emissions, as well as to other goods and services at risk of carbon leakage, and to develop methods of calculating embedded emissions based on the environmental footprint methods***⁴⁷.

Amendment

(52) ***Before the end of the transitional period***, the Commission should ***collect information***, evaluate the application of this Regulation ***and develop methods of calculating embedded emissions based on the environmental footprint methods*** and report ***on those matters*** to the European Parliament and the Council. ***Before the end of the transitional period, the Commission should present a legislative proposal to extend to scope of this Regulation to other goods than the ones listed in Annex 1. The Commission should assess the governance system of the mechanism, including in relation to the setting up of a European CBAM Authority, and present an impact assessment, accompanied, if appropriate, by a legislative proposal for a more centralised governance system. The Commission should produce a report by the end of the transitional period and every five years after that on enhancing***

climate actions towards the objective of a climate neutral Union by 2050. The Commission should, as part of that evaluation, *assess the risks of circumvention and fraud identified and, where appropriate, propose measures to address them, assess the social effects of extending the regulation and the effectiveness of the mechanism with regard to the risk of carbon leakage and initiate collection of information necessary to prevent distortion of competition in the Union and in global markets. The Commission should monitor and comment on any challenges brought forward in relation to the CBAM's compatibility in the context of WTO.*

⁴⁷ *Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).*

Amendment 30

Proposal for a regulation Recital 53

Text proposed by the Commission

(53) In light of the above, a dialogue with third countries should continue and there should be space for cooperation and solutions that could inform the specific choices that will be made on the details of the design of the measure during the implementation, in particular during the transitional period.

Amendment

(53) In light of the above, a dialogue with third countries should continue and there should be space for cooperation and solutions that could inform the specific choices that will be made on the details of the design of the measure during the implementation, in particular during the transitional period. *In that connection, the Commission should work to create an international working group, with, in particular, the WTO and the OECD, to determine the guiding principles on methods of calculating embedded emissions and international rules on carbon pricing mechanisms.*

Amendment 31

Proposal for a regulation

Recital 54

Text proposed by the Commission

(54) The Commission should strive to engage in an even handed manner and in line with the international obligations of the EU, with the third countries whose trade to the EU is affected by this Regulation, to explore possibilities for dialogue and cooperation with regard to the implementation of specific elements of the Mechanism set out this Regulation and related implementing acts. It should also explore possibilities for concluding agreements to take into account their carbon pricing mechanism.

Amendment

(54) The Commission should strive to engage in an even handed manner and in line with the international obligations of the EU, with the third countries whose trade to the EU is affected by this Regulation, to explore possibilities for dialogue and cooperation with regard to the implementation of specific elements of the Mechanism set out this Regulation and related implementing acts. ***In particular, the Commission should maintain a permanent dialogue with third countries that have set carbon pricing and ensure that third countries with equivalent climate policies are not penalised.*** It should also explore possibilities for concluding agreements to take into account their carbon pricing mechanism. ***The Commission should enter into negotiations with third countries that have the same climate ambitions in order to facilitate the trading of products covered by the CBAM, provided that the partner countries apply a carbon adjustment to other countries and a carbon pricing as the Union does. The Commission should also promote the adoption of a carbon pricing system globally, for example through discussions within the OECD Inclusive Framework, and in line with the Paris Agreement targets.***

Amendment 32

Proposal for a regulation

Recital 55

Text proposed by the Commission

(55) As the CBAM aims to encourage

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 decarbonisation 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.

cleaner production processes, the EU stands ready to work with low and middle-income countries towards the decarbonisation of their manufacturing industries ***and to provide them*** with the necessary ***strategic documents and*** technical assistance ***and help them to strengthen their environmental technologies and standards***, in order to facilitate their adaptation to the new obligations established by this regulation ***in order to avoid the risk of circumventing the CBAM.***

Amendment 33

Proposal for a regulation Recital 55 a (new)

Text proposed by the Commission

Amendment

(55a) The relative impacts of carbon prices can be much higher for low-income countries while CBAM may give rise to unintended economic risks due to additional costs for exporters and deteriorating terms of trade especially in the least developed countries (LDCs). To manage such negative impacts the rapid decarbonisation of carbon intensive sectors in those countries is needed. Therefore, financial support in favour of LDCs to reduce greenhouse gas emissions, to adapt to the impacts of climate change, to fund research and development for mitigation and adaptation should be provided.

Amendment 34

Proposal for a regulation Recital 55 b (new)

Text proposed by the Commission

Amendment

(55b) All revenues from the sale of carbon border adjustment mechanism certificates should be transferred to the

Union budget as own resources, in accordance with the procedures set out in Article 311 TFEU, pursuant to Annex 2 of the legally binding Interinstitutional Agreement between the European Parliament, the Council and the Commission 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}.

^{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*

Amendment 35

Proposal for a regulation Recital 58 a (new)

Text proposed by the Commission

Amendment

(58a) Given that this Regulation will generate additional compliance costs for affected sectors, compensatory actions need to be taken in order to prevent the total level of regulatory burdens from increasing. Before this Regulation enters into force, the Commission should present, where appropriate, proposals to offset the regulatory burdens brought in by this Regulation.

Amendment 36

Proposal for a regulation Recital 59

(59) It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at **expert** level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016⁵¹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

⁵¹ Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (OJ L 123, 12.5.2016, p. 1).

(59) It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at **the level of the relevant experts and industrial sectors**, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁵¹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

⁵¹ Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (OJ L 123, 12.5.2016, p. 1).

Amendment 37

Proposal for a regulation Recital 61

(61) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties.

(61) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties.
According to Europol, carbon credit fraud has cost more than EUR 5 billion in lost government revenues. The CBAM system should therefore introduce appropriate and effective mechanisms for avoiding losses of government revenues.

Amendment 38

Proposal for a regulation Article 1 – paragraph 1

Text proposed by the Commission

1. This Regulation establishes a carbon border adjustment mechanism (the ‘CBAM’) for addressing greenhouse gas emissions embedded in the goods referred to in Annex I, upon their importation into the customs territory of the Union, in order to prevent the risk of carbon leakage.

Amendment

1. This Regulation establishes a carbon border adjustment mechanism (the ‘CBAM’) for addressing greenhouse gas emissions (‘GHG emissions’) embedded in the goods referred to in Annex I, upon their importation into the customs territory of the Union, in order to prevent the risk of carbon leakage ***and to encourage the reduction of GHG emissions globally.***

Amendment 39

Proposal for a regulation Article 1 – paragraph 2

Text proposed by the Commission

2. The CBAM complements the ***system*** established for greenhouse gas emission allowance trading within the Union by Directive 2003/87/EC by applying an equivalent set of rules to imports into the customs territory of the Union of goods referred to in Article 2.

Amendment

2. The CBAM complements the ***Union’s regulatory framework to achieve its goals of reducing greenhouse gases by 2030 and to achieve climate neutrality in every economic sector by 2050 at the latest on the basis of a set of rules equivalent to those*** established for greenhouse gas emission allowance trading within the Union by Directive 2003/87/EC by applying an equivalent set of rules to imports into the customs territory of the Union of goods referred to in Article 2.

Amendment 40

Proposal for a regulation Article 1 – paragraph 3

Text proposed by the Commission

3. The mechanism will progressively become an alternative to the mechanisms

Amendment

3. The mechanism will progressively become an alternative to the mechanisms

established under Directive 2003/87/EC to prevent the risk of carbon leakage, **notably** the allocation of allowances free of charge in accordance with Article 10a of that Directive.

established under Directive 2003/87/EC to prevent the risk of carbon leakage, **namely** the allocation of allowances free of charge in accordance with Article 10a of that Directive.

Amendment 41

Proposal for a regulation Article 2 – paragraph 1

Text proposed by the Commission

1. This Regulation applies to goods as listed in Annex I, originating in a third country, when those goods, or processed products from those goods as resulting from the inward processing procedure referred to in Article 256 of Regulation (EU) No 952/2013 of the European Parliament and of the Council⁵³, are imported into the customs territory of the Union.

⁵³ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

Amendment

1. This Regulation applies to goods as listed in Annex I, originating in a third country, when those goods, or processed products from those goods as resulting from the inward processing procedure referred to in Article 256 of Regulation (EU) No 952/2013 of the European Parliament and of the Council⁵³, are imported into the customs territory of the Union. ***Annex I shall be regularly assessed and revised, where appropriate.***

⁵³ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

Amendment 42

Proposal for a regulation Article 2 – paragraph 7 – point a

Text proposed by the Commission

a) the third country or territory has concluded an agreement with the Union, setting out an obligation to apply the Union law in the field of electricity, including the legislation on the development of renewable energy sources, as well as other rules in the field of energy, environment and competition;

Amendment

(a) the third country or territory has concluded an agreement with the Union, setting out an obligation to apply the Union law in the field of electricity, including the legislation on the development of renewable energy sources, as well as other rules in the field of energy, environment, ***climate*** and competition;

Amendment 43

Proposal for a regulation

Article 2 – paragraph 9 – point b a (new)

Text proposed by the Commission

Amendment

(ba) if the Commission or the competent authorities have identified repeated and confirmed cases of fraud originating in that third country or territory.

Amendment 44

Proposal for a regulation

Article 2 – paragraph 10

Text proposed by the Commission

Amendment

10. The Commission is empowered to adopt delegated acts in accordance with Article 28 to set out requirements and procedures for countries or territories that are deleted from the list in Annex II, Section B, to ensure the application of this Regulation to their territories with regard to electricity. If in such cases market coupling remains incompatible with the application of this Regulation, the Commission may decide to exclude the third countries or territories from Union market coupling and require explicit capacity allocation at the border between the Union and the third country, so that the CBAM can apply.

10. The Commission is empowered to adopt delegated acts in accordance with Article 28 to set out requirements and procedures for countries or territories that are deleted from the list in Annex II, Section B, to ensure the application of this Regulation to their territories with regard to electricity. If in such cases market coupling remains incompatible with the application of this Regulation, the Commission may decide, ***by means of a delegated act***, to exclude the third countries or territories from Union market coupling and require explicit capacity allocation at the border between the Union and the third country, so that the CBAM can apply.

Amendment 45

Proposal for a regulation

Article 2 – paragraph 12

Text proposed by the Commission

Amendment

12. The Union, may conclude agreements with third countries with a view to take account of carbon pricing

12. ***The Commission shall initiate a regular dialogue with the authorities in the third countries responsible for***

mechanisms in these countries in the application of Article 9.

collecting the carbon price. The Union, may conclude agreements with third countries with a view to take account of carbon pricing mechanisms in these countries in the application of Article 9. ***However, those agreements shall not lead to undue preferential treatment of imports from third countries as regards the CBAM certificates to be surrendered and shall not take into account any carbon pricing mechanisms that are considered to be practices of circumvention within the meaning of Article 27(2).***

Amendment 46

Proposal for a regulation Article 2 – paragraph 12 a (new)

Text proposed by the Commission

Amendment

(12a) The Commission shall support Member States to efficiently inform authorities, companies and, where necessary, citizens in each Member State about the regulatory content and consequences of implementing the CBAM, and shall ensure that information is shared appropriately.

Amendment 47

Proposal for a regulation Article 3 – paragraph 1 – point 16

Text proposed by the Commission

Amendment

(16) ‘embedded emissions’ mean direct emissions released during the production of goods, calculated pursuant to the methods set out in Annex III;

(16) ‘embedded emissions’ mean direct ***and indirect*** emissions released during the production of goods, calculated pursuant to the methods set out in Annex III, ***and the energy consumed by the producer during the production of goods pursuant to the methods to be defined by the Commission in accordance with Article 7(7a);***

Amendment 48

Proposal for a regulation

Article 3 – paragraph 1 – point 18

Text proposed by the Commission

(18) ‘CBAM certificate’ means a certificate in electronic format corresponding to one tonne of embedded emissions in goods;

Amendment

(18) ‘CBAM certificate’ means a certificate, ***common to all Member States***, in electronic format corresponding to one tonne of embedded emissions in goods;

Amendment 49

Proposal for a regulation

Article 3 – paragraph 1 – point 22

Text proposed by the Commission

(22) ‘actual emissions’ mean the emissions calculated based on primary data from the production processes of goods;

Amendment

(22) ‘actual emissions’ mean the emissions calculated based on primary data from the production processes of goods ***and from the energy consumed during the production processes of goods***;

Amendment 50

Proposal for a regulation

Article 5 – paragraph 3 – point f

Text proposed by the Commission

(f) information necessary to demonstrate the declarant’s financial and operational capacity to fulfil its obligations under this Regulation and, if decided by the competent authority on the basis of a risk assessment, supporting documents confirming that information, such as the profit and loss account and the balance sheet for up to the three last financial years for which the accounts were closed;

Amendment

(f) information ***strictly*** necessary to demonstrate the declarant’s financial and operational capacity to fulfil its obligations under this Regulation and, if decided by the competent authority on the basis of a risk assessment, supporting documents confirming that information, such as the profit and loss account and the balance sheet for up to the three last financial years for which the accounts were closed;

Amendment 51

Proposal for a regulation

Article 5 – paragraph 3 – point h a (new)

(ha) the name and contact details of the third country competent authority in charge of collecting the carbon price paid by the operator in that third country, where relevant;

Amendment 52

Proposal for a regulation

Article 5 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. In the event of repeated failure by an authorised declarant to meet the obligations laid down in this Regulation, the competent authority in the Member State concerned shall withdraw the authorisation granted to the declarant.

Amendment 53

Proposal for a regulation

Article 5 – paragraph 6

Text proposed by the Commission

Amendment

6. The Commission is empowered to adopt implementing acts, concerning the standard format of the application and the delays and procedure to be followed by the competent authority when processing applications for authorisation in accordance with paragraph 1 and the rules for identification by the competent authority of the declarants for the importation of electricity. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).

6. The Commission is empowered to adopt implementing acts, concerning the **single** standard format of the application and the delays and procedure to be followed by the competent authority when processing applications for authorisation in accordance with paragraph 1 and the rules for identification by the competent authority of the declarants for the importation of electricity. **The format of the application shall allow for machine readability in order to ease the exchange of information across Member States.** Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).

Amendment 54

Proposal for a regulation

Article 5 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6a. Authorised declarants shall complete the standardised declaration form included into their individual accounts at the national registry set up by competent authorities. Once the information is transmitted to the EU central registry, the Commission may request the remaining competent authorities to provide any proof regarding the information required under paragraph 3, point (d).

Amendment 55

Proposal for a regulation

Article 7 – paragraph 1

Text proposed by the Commission

Amendment

1. Embedded emissions in goods shall be calculated pursuant to the methods set out in Annex III.

1. Embedded **direct** emissions in goods shall be calculated pursuant to the methods set out in Annex III.

Amendment 56

Proposal for a regulation

Article 7 – paragraph 2

Text proposed by the Commission

Amendment

2. Embedded emissions in goods other than electricity shall be determined based on the actual emissions in accordance with the methods set out in Annex III, points 2 and 3. When actual emissions cannot be adequately determined, the embedded emissions shall be determined by reference to default values in accordance with the methods set out in Annex III, point 4.1.

2. Embedded **direct** emissions in goods other than electricity shall be determined based on the actual emissions in accordance with the methods set out in Annex III, points 2 and 3. When actual emissions cannot be adequately determined, the embedded emissions shall be determined by reference to default values in accordance with the methods set out in Annex III, point 4.1.

Amendment 57

Proposal for a regulation

Article 7 – paragraph 7 a (new)

Text proposed by the Commission

Amendment

7a. The Commission is empowered to adopt delegated acts in accordance with Article 28 regarding the definition of a method of calculating indirect embedded emissions for simple and complex products and relevant default values, as well as a method of determining the CBAM price of indirect embedded emissions.

Amendment 58

Proposal for a regulation

Article 7 – paragraph 7 b (new)

Text proposed by the Commission

Amendment

7b. The Commission shall adopt the implementing acts referred to in paragraph 6 by 31 December 2023, with a view to ensuring their application from 1 January 2024. The Commission shall adopt the delegated acts referred to in paragraph 7a after carrying out an impact assessment at the end of the transitional period.

Amendment 59

Proposal for a regulation

Article 8 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

The Commission is empowered to adopt implementing acts concerning the principles of verification referred to in paragraph 1 as regards the **possibility to waive** the obligation for the verifier to visit

The Commission is empowered to adopt implementing acts concerning the principles of verification referred to in paragraph 1 as regards the **accuracy of the information in the CBAM declaration**, the

the installation where relevant goods are produced and the obligation to set thresholds for deciding whether misstatements or non-conformities are material and concerning the supporting documentation needed for the verification report.

obligation for the verifier to visit the installation where relevant goods are produced and the obligation to set thresholds for deciding whether misstatements or non-conformities are material and concerning the supporting documentation needed for the verification report.

Amendment 60

Proposal for a regulation Article 9 – paragraph 2

Text proposed by the Commission

2. The authorised declarant shall keep records ***of*** the documentation, certified by ***an independent person***, required to demonstrate that the declared embedded emissions were subject to a carbon price in the country of origin of the goods and keep evidence of the proof of the actual payment for that carbon price which should not have been subject to an export rebate or any other form of compensation ***on exportation***.

Amendment

2. The authorised declarant shall keep records ***and send to the competent authorities*** the documentation, certified by ***a verifier accredited pursuant to Article 18 in accordance with the competences established in Article 8(1) concerning the verification of embedded emissions. The accredited verifier shall be*** required to demonstrate that the declared embedded emissions were subject to a carbon price in the country of origin of the goods and keep evidence of the proof of the actual payment for that carbon price which should not have been subject to an export rebate or any other form of compensation.

Amendment 61

Proposal for a regulation Article 10 – paragraph 1

Text proposed by the Commission

1. The Commission shall, ***upon request by an operator of an installation located in a third country***, register the information on ***that operator*** and on ***its installation*** in a central database referred to in Article 14(4).

Amendment

1. The Commission shall register the information on ***operators of installations located in third countries*** and on ***their installations*** in a central database referred to in Article 14(4) ***accessible by national authorities***.

Amendment 62

Proposal for a regulation

Article 10 – paragraph 2 – point c a (new)

Text proposed by the Commission

Amendment

(ca) the name and contact details of the third country competent authority in charge of collecting the carbon price paid by the operator in that third country, where relevant;

Amendment 63

Proposal for a regulation

Article 10 – paragraph 6

Text proposed by the Commission

Amendment

6. The records referred to in paragraph 5, point (c), shall be sufficiently detailed to enable the verification in accordance with paragraph 5, point (b), and to enable any competent authority to review, in accordance with Article 19(1), the CBAM declaration made by an authorised declarant to whom the relevant information was disclosed in accordance with paragraph 8.

6. The records referred to in paragraph 5, point (c), shall be sufficiently detailed to enable the verification in accordance with paragraph 5, point (b), and to enable any competent authority to ***verify and*** review, in accordance with Article 19(1), the CBAM declaration made by an authorised declarant to whom the relevant information was disclosed in accordance with paragraph 8.

Amendment 64

Proposal for a regulation

Article 11 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Competent authorities shall set up national registries with accounts of authorised declarants. Those accounts shall be connected and interchangeable with all competent authorities and automatically integrated in the EU central registry database system managed by the Commission.

Amendment 65

Proposal for a regulation

Article 11 – paragraph 2

Text proposed by the Commission

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

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, ***either automatically via the EU central registry database, or upon request and within a delay of 3 months, when another competent authority or the Commission issues such request for specific information related to the calculation of the CBAM certificates.***

Amendment 66

Proposal for a regulation

Article 11 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The Commission shall require Member States to ensure that the competent authorities carry out skills development and specialised training in that area for their staff.

Amendment 67

Proposal for a regulation

Article 12 – paragraph 1

Text proposed by the Commission

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

Amendment

The Commission shall assist the competent authorities in carrying out their obligations under this Regulation and coordinate their activities. ***In that context, the Commission shall produce a guide and instructional documentation to assist the national competent authorities. When appropriate, the Commission shall update those documents.***

Amendment 68

Proposal for a regulation

Article 14 – title

Text proposed by the Commission

National registries and central database

Amendment

National registries and the **EU** central **registry** database

Amendment 69

Proposal for a regulation

Article 14 – paragraph 1

Text proposed by the Commission

1. The competent authority of each Member State shall establish a national registry of declarants authorised in that Member State in the form of a standardised electronic database containing the data regarding the CBAM certificates of those declarants, and to provide for confidentiality in accordance with the conditions set out in Article 13.

Amendment

1. The competent authority of each Member State shall establish a national registry of declarants authorised in that Member State in the form of a standardised electronic database containing the data regarding the CBAM certificates of those declarants, and to provide for confidentiality in accordance with the conditions set out in Article 13. ***Such a standardised electronic database shall be built to be compatible with the EU central registry database built by the Commission, in such a way that the data can be automatically uploaded into the central database.***

Amendment 70

Proposal for a regulation

Article 14 – paragraph 2 – point d a (new)

Text proposed by the Commission

Amendment

(da) the carbon price paid in a third country for related embedded emissions;

Amendment 71

Proposal for a regulation
Article 14 – paragraph 2 – point d b (new)

Text proposed by the Commission

Amendment

(db) the report of the accredited verifier;

Amendment 72

Proposal for a regulation
Article 14 – paragraph 3

Text proposed by the Commission

Amendment

3. The information in the database referred to in paragraph 2 shall be confidential.

3. The Commission shall establish a central database to automatically collect the information referred to in paragraph 2 which shall be automatically accessible to competent authorities of each Member State. The information in the database referred to in paragraph 2 shall be confidential.

Amendment 73

Proposal for a regulation
Article 14 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. The EU central registry database shall aim to ensure an efficient and transparent management of the information provided by the authorised declarant and it shall be managed by the Commission. The Commission may ask further information from competent authorities to ensure the consistency of the information provided by the declarant and for purposes of its reports.

Amendment 74

Proposal for a regulation
Article 14 – paragraph 4

Text proposed by the Commission

4. The Commission shall establish a central database accessible to the public containing the names, addresses and contact details of the operators **and** the location of installations in third countries in accordance with Article 10(2). An operator may choose not to have its **name**, address and contact details accessible to the public.

Amendment

4. The Commission shall establish a central database accessible to the public containing the names, addresses and contact details of the operators, the location of installations in third countries in accordance with Article 10(2). An operator may choose not to have its address and contact details accessible to the public **but such information shall always be made available for competent authorities.**

Amendment 75

**Proposal for a regulation
Article 15 – paragraph 2**

Text proposed by the Commission

2. The central administrator shall carry out risk-based controls on transactions recorded in national registries through an independent transaction log to ensure that there are no irregularities in the purchase, holding, surrender, re-purchase and cancellation of CBAM certificates.

Amendment

2. The central administrator shall carry out risk-based controls on transactions recorded in national registries through an independent transaction log to ensure that there are no irregularities in the **calculation**, purchase, holding, surrender, re-purchase and cancellation of CBAM certificates.

Amendment 76

**Proposal for a regulation
Article 15 – paragraph 3**

Text proposed by the Commission

3. If irregularities are identified as a result of the controls carried out under paragraph 2, the Commission shall inform the Member State or Member States concerned for further investigation in order to correct the identified irregularities.

Amendment

3. If irregularities are identified as a result of the controls carried out under paragraph 2, the Commission shall inform the Member State or Member States concerned for further investigation in order to correct the identified irregularities **within 3 months.**

Amendment 77

Proposal for a regulation
Article 16 – paragraph 4

Text proposed by the Commission

4. If the authorised declarant has ceased its economic activity or its authorisation was revoked, the competent authority shall close the account of that declarant.

Amendment

4. If the authorised declarant has ceased its economic activity or its authorisation was revoked, the competent authority shall close the account of that declarant ***after 2 years***.

Amendment 78

Proposal for a regulation
Article 17 – paragraph 1 – point a

Text proposed by the Commission

(a) the declarant has not been involved in a serious infringement or repeated infringements of customs legislation, taxation rules and market abuse rules and has no record of serious criminal offences relating to its economic activity during the five years preceding the application;

Amendment

(a) the declarant has not been involved in a serious infringement or repeated infringements of customs legislation, taxation rules and market abuse rules and has no record of serious criminal offences relating to its economic activity during the five years preceding the application; ***the declarant is not resident for tax purposes in, or incorporated under the laws of, jurisdictions that feature on the EU list of non-cooperative jurisdictions;***

Amendment 79

Proposal for a regulation
Article 17 – paragraph 1 – point a (new)

Text proposed by the Commission

Amendment

(aa) the declarant has not been involved in a serious or repeated infringement to this Regulation which has led to the withdrawal of its authorisation by the competent authority of another Member State, in accordance with Article 5(5a);

Amendment 80

Proposal for a regulation
Article 17 – paragraph 2

Text proposed by the Commission

2. Where the competent authority finds that the conditions listed in paragraph 1 are not fulfilled, or where the applicant has failed to provide the information listed in Article 5(3), the authorisation of the declarant shall be refused.

Amendment

2. Where the competent authority finds that the conditions listed in paragraph 1 are not fulfilled, or where the applicant has failed to provide the information listed in Article 5(3), the authorisation of the declarant shall be refused. ***The competent authority shall notify the declarant of that refusal as soon as possible.***

Amendment 81

Proposal for a regulation
Article 17 – paragraph 9

Text proposed by the Commission

9. The competent authority shall revoke the authorisation for a declarant who no longer meets the conditions laid down in paragraph 1, or who fails to cooperate with that authority.

Amendment

9. The competent authority shall revoke the authorisation for a declarant who no longer meets the conditions laid down in paragraph 1, or who fails to cooperate with that authority. ***The competent authority shall inform the Commission and the other competent authorities of any refusal or revocation by introducing the necessary information in the national registry that shall be immediately transferred to the central database.***

Amendment 82

Proposal for a regulation
Article 18 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. The Commission is empowered to adopt delegated acts in accordance with Article 28 specifying conditions for accredited verifiers to be able to comply with Articles 21, 32 and 34 of the Implementing Regulation (EU) No 2018/2067 related to on-site visits when

the site is located in a third country.

Amendment 83

Proposal for a regulation Article 19 a (new)

Text proposed by the Commission

Amendment

Article 19 a

Information portal for authorised declarants

- 1. On ... [the date of entry into force of this Regulation], the Commission shall set up a web portal to support authorised declarants, especially SMEs and micro-enterprises, in declaring the information required by this Regulation.**
- 2. The portal referred to in paragraph 1 shall provide information on:**
 - (i) the CO₂ price charged in third countries, as referred to in Article 9;**
 - (ii) any agreement concluded by the Union with a third country which affects the CBAM certificates to be surrendered for imports from that third country and how the CBAM certificates are affected;**
 - (iii) answers to specific questions from companies on how to correctly fill out their declarations;**
 - (iv) the national competent authorities of each Member State.**
- 3. The Commission shall regularly assess the possibility of improving the information and assistance provided by the web portal.**

Amendment 84

Proposal for a regulation Article 20 – paragraph 1

Text proposed by the Commission

Amendment

1. The *competent authority of each Member State* shall sell CBAM certificates to declarants *authorised in that Member State* at the price calculated in accordance with Article 21.

1. The **Commission** shall sell CBAM certificates to *authorised* declarants at the price calculated in accordance with Article 21.

Amendment 85

Proposal for a regulation Article 20 – paragraph 2

Text proposed by the Commission

2. The *competent authority* shall ensure that each CBAM certificate is assigned a unique unit identification code upon its creation and shall register the unique unit identification number, the price and date of sale of the certificate in the *national* registry in the account of the authorised declarant purchasing it.

Amendment

2. The **Commission** shall ensure that each CBAM certificate is assigned a unique unit identification code upon its creation and shall register the unique unit identification number, the price and date of sale of the certificate in the *EU central* registry *database* in the account of the authorised declarant purchasing it. ***Such information shall be automatically reflected in the national registry.***

Amendment 86

Proposal for a regulation Article 21 – paragraph 3

Text proposed by the Commission

3. The Commission is empowered to adopt implementing acts to further define the methodology to calculate the average price of CBAM certificates and practical arrangements for the publication of the price. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).

Amendment

3. The Commission is ***also*** empowered to adopt implementing acts to further define the methodology to calculate the average price of CBAM certificates and practical arrangements for the publication of the price. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).

Amendment 87

Proposal for a regulation Article 22 – paragraph 1

Text proposed by the Commission

1. By 31 May of each year, the authorised declarant shall surrender a number of CBAM certificates to the **competent authority** that corresponds to the embedded emissions declared in accordance with Article 6(2)(c) and verified in accordance with Article 8 for the calendar year preceding the surrender.

Amendment 88

**Proposal for a regulation
Article 22 – paragraph 3**

Text proposed by the Commission

3. Where the **competent authority** finds that the number of CBAM certificates in the account of an authorised declarant is not in compliance with the obligations pursuant to paragraph 2, second sentence, **that authority** shall notify the adjustment and request that the authorised declarant surrenders the additional CBAM certificates within one month.

Amendment 89

**Proposal for a regulation
Article 23 – paragraph 1**

Text proposed by the Commission

1. The **competent authority of each Member State** shall, on request by a **declarant authorised in that Member State**, re-purchase the excess of CBAM certificates remaining on the account of the declarant in the national registry after the certificates have been surrendered in accordance with Article 22. The request to re-purchase shall be submitted by 30 June of each year when CBAM certificates were surrendered.

Amendment

1. By 31 May of each year, the authorised declarant shall surrender a number of CBAM certificates to the **Commission** that corresponds to the embedded emissions declared in accordance with Article 6(2)(c) and verified in accordance with Article 8 for the calendar year preceding the surrender.

Amendment

3. Where the **Commission** finds that the number of CBAM certificates in the account of an authorised declarant is not in compliance with the obligations pursuant to paragraph 2, second sentence, **it** shall notify the adjustment and request that the authorised declarant surrenders the additional CBAM certificates within one month.

Amendment

1. The **Commission** shall, on request by an authorised **declarant**, re-purchase the excess of CBAM certificates remaining on the account of the declarant in the national registry **and in the EU central registry database** after the certificates have been surrendered in accordance with Article 22. The request to re-purchase shall be submitted by 30 June of each year when CBAM certificates were surrendered.

Amendment 90

Proposal for a regulation

Article 24 – paragraph 1

Text proposed by the Commission

By 30 June of each year, the **competent authority of each Member State** shall cancel any CBAM certificates that were purchased during the year before the previous calendar year and that remained in the accounts in the national registry of the declarants **authorised in that Member State**.

Amendment

By 30 June of each year, the **Commission** shall cancel any CBAM certificates that were purchased during the year before the previous calendar year and that remained in the accounts in the national registry of the **authorised** declarants.

Amendment 91

Proposal for a regulation

Article 26 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. An accredited verifier who has provided false information in its CBAM declaration shall be excluded from the national registry. An accredited verifier who has certified the accuracy of false information contained in a CBAM declaration shall have its certificate revoked by the relevant national authority.

Amendment 92

Proposal for a regulation

Article 26 – paragraph 2

Text proposed by the Commission

Amendment

2. Any person other than an authorised declarant, introducing goods into the customs territory of the Union without surrendering CBAM certificates according to this Regulation shall be **liable** to the penalty referred to in paragraph 1 in the year of introduction of the goods, for each CBAM certificate that the person

2. **In addition to the administrative and criminal sanctions referred to in paragraph 5**, any person other than an authorised declarant, introducing goods into the customs territory of the Union without surrendering CBAM certificates according to this Regulation shall be **subject** to the penalty referred to in

should have surrendered.

paragraph 1 in the year of introduction of the goods, for each CBAM certificate that the person should have surrendered.

Amendment 93

Proposal for a regulation Article 26 – paragraph 3

Text proposed by the Commission

3. Payment of the penalty shall in no case release the authorised declarant from the obligation to surrender the outstanding number of CBAM certificates in a given year to the ***competent authority of the Member State where the declarant has been authorised.***

Amendment

3. Payment of the penalty shall in no case release the authorised declarant from the obligation to surrender the outstanding number of CBAM certificates in a given year to the ***Commission.***

Amendment 94

Proposal for a regulation Article 26 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. In the event of repeated failure by an authorised declarant to meet the obligations of this Regulation, the competent authorities of the Member States concerned shall withdraw the declarant's import authorisation in accordance with Article 5(5a).

Amendment 95

Proposal for a regulation Article 26 – paragraph 5

Text proposed by the Commission

5. Member States may apply administrative or criminal sanctions for failure to comply with the CBAM legislation in accordance with their national rules ***in addition to penalties referred to in paragraph 2.*** Such sanctions

Amendment

5. ***In addition to the penalties referred to in paragraph 1,*** Member States may apply administrative or criminal sanctions for failure to comply with the CBAM legislation in accordance with their national rules. ***In all cases the Member***

shall be effective, proportionate and dissuasive.

States shall apply administrative or criminal sanctions to any person, other than an authorised declarant, introducing goods into the customs territory of the Union without surrendering the CBAM certificates. Such sanctions shall be effective, proportionate and dissuasive.

Amendment 96

Proposal for a regulation Article 26 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. The Commission, in cooperation with the competent authorities, shall provide guidelines for the Member States aimed at fostering an effective, proportionate and dissuasive harmonised system of administrative and criminal sanctions.

Amendment 97

Proposal for a regulation Article 27 – title

Text proposed by the Commission

Amendment

Circumvention

Fraud and circumvention

Amendment 98

Proposal for a regulation Article 27 – paragraph 1

Text proposed by the Commission

Amendment

1. The Commission shall take action, based on relevant and objective data, in accordance with this Article, to address practices of circumvention of this Regulation.

1. The Commission shall take action ***on its own initiative or at the request of the Member State***, based on relevant and objective data, in accordance with this Article, to address practices of ***fraud and*** circumvention of this Regulation.

Amendment 99

Proposal for a regulation

Article 27 – paragraph 2

Text proposed by the Commission

2. Practices of circumvention ***include situations where a change in the pattern of trade in relation to goods included in the scope of this Regulation has*** insufficient due cause or economic justification other than avoiding obligations as laid down in this Regulation and ***consist in replacing those goods with slightly modified products, which*** are not ***included in the list of goods in Annex I but belong to a sector included in the scope of this Regulation.***

Amendment

2. Practices of ***fraud and*** circumvention ***are measures that have the objective of avoiding the obligations laid down in this Regulation. Those are situations which stem from a practice, process of work with*** insufficient due cause or economic justification other than avoiding obligations as laid down in this Regulation and ***include, but*** are not ***limited to:***

Amendment 100

Proposal for a regulation

Article 27 – paragraph 2 – point a (new)

Text proposed by the Commission

Amendment

(a) ***situations that consist in replacing those goods with slightly modified products, which are not included in the list of goods in Annex I but belong to a sector included in the scope of this Regulation;***

Amendment 101

Proposal for a regulation

Article 27 – paragraph 2 – point b (new)

Text proposed by the Commission

Amendment

(b) ***situations that consist in replacing those goods with goods with a lower carbon content than that of the products normally produced in the exporting country, with the sole aim of export to the Union;***

Amendment 102

Proposal for a regulation

Article 27 – paragraph 2 – point c (new)

Text proposed by the Commission

Amendment

(c) situations that consist in sending those goods to a country or region referred to in Article 2(3) or to any other intermediate country or region prior to their importation to the Union market, with the aim of avoiding or reducing the obligations under this Regulation;

Amendment 103

Proposal for a regulation

Article 27 – paragraph 2 – point d (new)

Text proposed by the Commission

Amendment

(d) false declarations as to the identity of the producer of the product concerned, or of the nature of the product concerned, or of the production process involved in making it;

Amendment 104

Proposal for a regulation

Article 27 – paragraph 2 – point e (new)

Text proposed by the Commission

Amendment

(e) any other measure to potentially avoid or evade obligations under this Regulation, or undermine their effects, including on overall GHG emissions.

Amendment 105

Proposal for a regulation

Article 27 – paragraph 2 a (new)

2a. Where the Commission identifies cases of fraud or circumvention as referred to in paragraph 2 of this Article, it shall notify the relevant national competent authorities with the aim of imposing, where appropriate, the penalties provided for in Article 26.

Amendment 106

**Proposal for a regulation
Article 27 – paragraph 3**

Text proposed by the Commission

Amendment

3. A Member State or any party affected or benefitted by the situations described in paragraph 2 may notify the Commission if it is confronted, over a two-month period compared with the same period in the preceding year with a significant decrease in the volume of imported goods included in the scope of this Regulation and an increase of volume of imports of slightly modified products, which are not included in the list of goods in Annex I. The Commission shall continually monitor any significant change of pattern of trade of goods and slightly modified products at Union level.

3. Following a complaint from an interested party or on its own initiative, the Commission may decide, following an investigation, to extend obligations laid down in this Regulation in whatever way is necessary to prevent future circumvention or fraud in relation to the CBAM, when circumvention or fraud of the measures in force is taking place taking into account the Union's international commitments, in particular those under the relevant WTO agreements.

Amendment 107

**Proposal for a regulation
Article 27 – paragraph 4**

Text proposed by the Commission

Amendment

4. The notification referred to in paragraph 3 shall state the reasons on which it is based and shall include relevant data and statistics regarding the goods and products referred to in paragraph 2.

deleted

Amendment 108

Proposal for a regulation Article 27 – paragraph 5

Text proposed by the Commission

5. *Where the Commission, taking into account the relevant data, reports and statistics, including when provided by the customs authorities of Member States, has sufficient reasons to believe that the circumstances referred to in paragraph 3 are occurring in one or more Member States, it is empowered to adopt delegated acts in accordance with Article 28 to supplement the scope of this Regulation in order to include slightly modified products for anti-circumvention purposes.*

Amendment

5. *Investigations shall be initiated pursuant to this Article on the initiative of the Commission or at the request of a Member State or of any interested party on the basis of sufficient evidence regarding the factors set out in paragraph 2. The Commission shall be responsible for the initiation of an investigation and shall also have the power to instruct customs authorities of Member States to subject imports to registration. The Commission shall provide information to the Member States once an interested party or a Member State has submitted a request justifying the initiation of an investigation and the Commission has completed its analysis thereof, or where the Commission has itself determined that there is a need to initiate an investigation.*

Amendment 109

Proposal for a regulation Article 27 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. *The Commission shall carry out the investigation and may be assisted by customs authorities. The Commission shall conclude the investigation in due time.*

Amendment 110

Proposal for a regulation Article 27 – paragraph 5 b (new)

5b. *Where a case of circumvention has been detected as a result of the investigation, the Commission shall impose a penalty pursuant to Article 26 on an authorised declarant involved in any circumvention and, if appropriate, the operator of the installation located in the third country that is linked to that authorised declarant. Where appropriate, the penalty shall also entail the withdrawal of import authorisation and shall be extended to the operator.*

Amendment 111

Proposal for a regulation Article 27 – paragraph 5 c (new)

Text proposed by the Commission

Amendment

5 c. *The Commission shall report every two years to the European Parliament and the Council on the main fraud and circumvention practices it has identified. Where appropriate, the Commission shall present a legislative proposal to prevent and mitigate those practices.*

Amendment 112

Proposal for a regulation Article 28 – paragraph 2

Text proposed by the Commission

Amendment

2. The power to adopt delegated acts referred to in Articles 2(10), 2(11), 18(3) and 27(5) shall be conferred on the Commission for an indeterminate period of time.

2. The power to adopt delegated acts referred to in Articles 2(10), 2(11), **7(7a), 8(3) and (3a)**, 18(3) and 27(5) shall be conferred on the Commission for an indeterminate period of time.

Amendment 113

Proposal for a regulation Article 28 – paragraph 3

Text proposed by the Commission

3. The delegation of power referred to in Articles 2(10), 2(11), 18(3) and 27(5) may be revoked at any time by the European Parliament or by the Council.

Amendment

3. The delegation of power referred to in Articles 2(10), 2(11), **7(7a), 8(3) and (3a)**, 18(3) and 27(5) may be revoked at any time by the European Parliament or by the Council.

Amendment 114

**Proposal for a regulation
Article 28 – paragraph 7**

Text proposed by the Commission

7. A delegated act adopted pursuant to Articles 2(10), 2(11), 18(3) and 27(5) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Amendment

7. A delegated act adopted pursuant to Articles 2(10), 2(11), **7(7a), 8(3) and (3a)**, 18(3) and 27(5) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Amendment 115

**Proposal for a regulation
Article 30 – paragraph 1**

Text proposed by the Commission

1. The Commission shall collect the information necessary ***with a view to extending the scope of this Regulation to indirect emissions and goods other than those listed in Annex I, and*** develop methods of calculating embedded emissions based on environmental footprint methods.

Amendment

1. The Commission shall collect the information necessary ***to*** develop methods of calculating embedded emissions based on environmental footprint methods. ***Before the end of the transitional period, the Commission shall present a legislative proposal to extend the scope of this Regulation to other products than those listed in Annex I. The proposal shall be based on an impact assessment on the***

effects of the different possibilities and timelines for this further extension of the scope to the rest of sectors of the Commission Delegated Decision (EU) 2019/708, including among other elements an extension to oil, paper, glass, plastics, chemicals and downstream products, as well as the components of finished products that use products covered by this Regulation.

Amendment 116

Proposal for a regulation

Article 30 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. *Before the end of the transitional period, the Commission shall assess the governance system of the CBAM, including in relation to the setting up of the European CBAM Authority. As a result of that assessment, the Commission shall present a report to the European Parliament and the Council to be accompanied, if appropriate, by a legislative proposal for a more centralised governance system.*

Amendment 117

Proposal for a regulation

Article 30 – paragraph 2

Text proposed by the Commission

Amendment

2. Before the end of the transitional period, the Commission shall present a report to the European Parliament and the Council on the application of this Regulation. The report shall contain, in particular, ***the assessment of the possibilities to further extend the scope of embedded emissions to indirect emissions and to other goods at risk of carbon leakage than those already covered by this Regulation, as well as*** an assessment of the

2. Before the end of the transitional period, ***and every five years thereafter, or at any moment at the request of the European Parliament or the Council,*** the Commission shall present a report to the European Parliament and the Council on the application of this Regulation. The report shall contain, in particular:

governance system. It shall also contain the assessment of the possibility to further extend the scope to embedded emissions of transportation services ***as well as to goods further down the value chain*** and services that may be subject to the risk of carbon leakage ***in the future.***

- an assessment of the ***social effects of extending the CBAM to goods other than those listed in Annex I, with measures aiming at minimising those effects;***

- ***identification of circumvention and fraud practices and possible measures to address those practices;***

- the assessment of the possibility to further extend the scope to embedded emissions of transportation services and services that may be subject to the risk of carbon leakage;

- ***an examination of any potential complaints by third countries in relation to the compatibility of this Regulation with the applicable rules of the WTO;***

- ***an assessment of the effectiveness of the CBAM with regard to the risk of carbon leakage.***

Amendment 118

Proposal for a regulation Article 30 – paragraph 3

Text proposed by the Commission

3. The report ***by the Commission*** shall, if appropriate, be accompanied by a legislative proposal.

Amendment

3. The report ***referred to in paragraph 2*** shall, if appropriate, be accompanied by a legislative proposal ***in order to introduce the changes based on the information from the report.***

Amendment 119

Proposal for a regulation Chapter IX – title

Text proposed by the Commission

Coordination with free allocation of allowances under the EU ETS

Amendment

Coordination with ***the phasing out of the*** free allocation of allowances under the EU ETS

Amendment 120

Proposal for a regulation
Article 31 – title

Text proposed by the Commission

Free allocation of allowances under the EU ETS ***and obligation to surrender CBAM certificates***

Amendment

Phasing out of the free allocation of allowances under the EU ETS

Amendment 121

Proposal for a regulation
Article 31 – paragraph 1

Text proposed by the Commission

1. The CBAM certificates to be surrendered in accordance with Article 22 shall ***be adjusted to*** reflect the ***extent to which EU ETS allowances are allocated free of charge in accordance with Article 10a of Directive 2003/87/EC to*** installations producing, within the Union, ***the goods listed in Annex I.***

Amendment

1. ***The phasing out of the free allocation of allowances shall be aligned with the phasing in of the CBAM.*** The CBAM certificates to be surrendered in accordance with Article 22 shall reflect the ***price paid by*** installations producing within the Union ***under Directive XXXX/XX/XX (revised EU ETS).***

Amendment 122

Proposal for a regulation
Article 31 – paragraph 2

Text proposed by the Commission

2. The Commission is empowered to adopt implementing acts laying down a calculation methodology for the reduction referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure

Amendment

2. The Commission is empowered to adopt implementing acts laying down a calculation methodology for the reduction referred to in paragraph 1. Those implementing acts shall be adopted ***by the end of the transitional period and*** in

referred to in Article 29(2).

accordance with the examination procedure referred to in Article 29(2).

Amendment 123

Proposal for a regulation

Article 35 – paragraph 1

Text proposed by the Commission

1. Each declarant shall, for each quarter of a calendar year, submit a report ('CBAM report') containing information on the goods imported during that quarter, to the competent authority of the Member State of importation or, if goods have been imported to more than one Member State, to **the** competent authority of the Member **State at the declarant's choice**, no later than one month after the end of each quarter.

Amendment

1. Each declarant shall, for each quarter of a calendar year, submit a report ('CBAM report') containing information on the goods imported during that quarter, to the competent authority of the Member State of importation or, if goods have been imported to more than one Member State, to **each** competent authority of the Member **States in which the declarant imports goods**, no later than one month after the end of each quarter.

Amendment 124

Proposal for a regulation

Article 35 – paragraph 2 – point b

Text proposed by the Commission

(b) the actual total embedded emissions, expressed in tonnes of CO₂e emissions per megawatt-hour of electricity or for other goods in tonne of CO₂e emissions per tonne of each type of goods, calculated in accordance with the method set out in Annex III;

Amendment

(b) the actual total embedded **direct** emissions, expressed in tonnes of CO₂e emissions per megawatt-hour of electricity or for other goods in tonne of CO₂e emissions per tonne of each type of goods, calculated in accordance with the method set out in Annex III;

Amendment 125

Proposal for a regulation

Article 35 – paragraph 2 – point c

Text proposed by the Commission

(c) the actual total embedded indirect emissions, expressed in tonnes of CO₂e emissions per tonne of each type of other

Amendment

(c) the actual total embedded indirect emissions, expressed in tonnes of CO₂e emissions per tonne of each type of other

goods than electricity, calculated in accordance with a method set out in ***an implementing act referred to in paragraph 6;***

goods than electricity, calculated in accordance with a method set out in ***the delegated acts referred to in Article 7(7a);***

Amendment 126

Proposal for a regulation Article 35 – paragraph 2 – point d

Text proposed by the Commission

(d) the carbon price due in ***a*** country of origin for the embedded emissions in the imported goods, which is not subject to an export rebate or other form of compensation on exportation.

Amendment

(d) the carbon price due in ***the*** country of origin for the embedded emissions in the imported goods, which is not subject to an export rebate or other form of compensation on exportation.

Amendment 127

Proposal for a regulation Article 35 – paragraph 3

Text proposed by the Commission

3. The competent authority shall communicate the information referred to in paragraph 2 to the Commission at the latest two months after the end of the quarter covered by a report.

Amendment

3. The competent authority shall communicate the information referred to in paragraph 2 to the Commission at the latest two months after the end of the quarter covered by a report ***and the information shall be available in the EU central registry database.***

Amendment 128

Proposal for a regulation Article 35 – paragraph 6

Text proposed by the Commission

6. The Commission is empowered to adopt implementing acts concerning the information to be reported, the procedures for communicating the information referred to in paragraph 3 and the conversion of the carbon price paid in foreign currency into euro at yearly

Amendment

6. The Commission is empowered to adopt implementing acts concerning the information to be reported, the procedures for communicating the information referred to in paragraph 3 and the conversion of the carbon price paid in foreign currency into euro at yearly

average exchange rate. The Commission is also empowered to adopt implementing acts to further define the necessary elements of the calculation method set out in Annex III, including determining system boundaries of production processes, emission factors, installation-specific values of actual emissions and their respective application to individual goods as well as laying down methods to ensure the reliability of data, including the level of detail and the verification of this data. ***The Commission is further empowered to adopt implementing acts to develop a calculation method for indirect emissions embedded in imported goods.***

average exchange rate. The Commission is also empowered to adopt implementing acts to further define the necessary elements of the calculation method set out in Annex III, including determining system boundaries of production processes, emission factors, installation-specific values of actual emissions and their respective application to individual goods as well as laying down methods to ensure the reliability of data, including the level of detail and the verification of this data.

Amendment 129

Proposal for a regulation

Annex III – part 2 – point 1 – introductory part

Text proposed by the Commission

For determining the specific actual embedded emissions of simple goods produced in a given installation, ***only direct emissions shall be accounted for. For this purpose***, the following equation is to be applied:

Amendment

For determining the specific actual embedded emissions of simple goods produced in a given installation, the following equation is to be applied:

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Establishing a carbon border adjustment mechanism						
References	COM(2021)0564 – C9-0328/2021 – 2021/0214(COD)						
Committee responsible Date announced in plenary	ENVI 13.9.2021						
Opinion by Date announced in plenary	ECON 13.9.2021						
Rapporteur for the opinion Date appointed	Damien Carême 1.9.2021						
Date adopted	31.3.2022						
Result of final vote	<table> <tr> <td>+: </td><td>41</td></tr> <tr> <td>–: </td><td>12</td></tr> <tr> <td>0: </td><td>3</td></tr> </table>	+:	41	–:	12	0:	3
+:	41						
–:	12						
0:	3						
Members present for the final vote	Gunnar Beck, Isabel Benjumea Benjumea, Stefan Berger, Gilles Boyer, Carlo Calenda, Engin Eroglu, Markus Ferber, Jonás Fernández, Frances Fitzgerald, José Manuel García-Margallo y Marfil, Luis Garicano, Valentino Grant, Claude Gruffat, Enikő Győri, Eero Heinäluoma, Michiel Hoogeveen, Danuta Maria Hübner, Stasys Jakeliūnas, France Jamet, Othmar Karas, Billy Kelleher, Ondřej Kovařík, Ioannis Lagos, Aurore Lalucq, Philippe Lamberts, Aušra Maldeikienė, Pedro Marques, Costas Mavrides, Csaba Molnár, Siegfried Mureşan, Luděk Niedermayer, Lefteris Nikolaou-Alavanos, Piernicola Pedicini, Lídia Pereira, Kira Marie Peter-Hansen, Sirpa Pietikäinen, Dragoş Pîslaru, Evelyn Regner, Antonio Maria Rinaldi, Dorien Rookmaker, Alfred Sant, Joachim Schuster, Ralf Seekatz, Pedro Silva Pereira, Paul Tang, Irene Tinagli, Ernest Urtasun, Inese Vaidere, Johan Van Overtveldt, Stéphanie Yon-Courtin, Marco Zanni, Roberts Zīle						
Substitutes present for the final vote	Manon Aubry, Damien Carême, Roman Haider, Chris MacManus, Jessica Stegrud						

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

41	+
NI	Enikő Győri
PPE	Isabel Benjumea Benjumea, Stefan Berger, Markus Ferber, Frances Fitzgerald, José Manuel García-Margallo y Marfil, Danuta Maria Hübner, Othmar Karas, Aušra Maldeikienė, Siegfried Mureşan, Luděk Niedermayer, Lídia Pereira, Sirpa Pietikäinen, Ralf Seekatz, Inese Vaidere
Renew	Gilles Boyer, Carlo Calenda, Engin Eroglu, Luis Garicano, Billy Kelleher, Ondřej Kovařík, Dragoş Pîslaru, Stéphanie Yon-Courtin
S&D	Jonás Fernández, Aurore Lalucq, Pedro Marques, Costas Mavrides, Csaba Molnár, Evelyn Regner, Alfred Sant, Joachim Schuster, Pedro Silva Pereira, Paul Tang, Irene Tinagli
Verts/ALE	Damien Carême, Claude Gruffat, Stasys Jakeliūnas, Philippe Lamberts, Piernicola Pedicini, Kira Marie Peter-Hansen, Ernest Urtsun

12	-
ECR	Michiel Hoogeveen, Dorien Rookmaker, Jessica Stegrud, Johan Van Oortveldt, Roberts Zīle
ID	Gunnar Beck, Roman Haider, France Jamet
NI	Ioannis Lagos, Lefteris Nikolaou-Alavanos
The Left	Manon Aubry, Chris MacManus

3	0
ID	Valentino Grant, Antonio Maria Rinaldi, Marco Zanni

Key to symbols:

+ : in favour

- : against

0 : abstention