

ALTERNATIVE COMPROMISE AMENDMENT TO CA12

(Supported by EPP and ECR)

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 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.

Proposal for a regulation Article 31 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1 a. No free allocation shall be given in relation to the production of products listed in Annex I as as from the date of application of the CBAM, as referred to in Article 36(3)

By way of derogation from the first subparagraph, for the first years of operation of this Regulation, the production of products listed in Annex I to that Regulation shall benefit from free allocation in reduced amounts. A factor reducing the free allocation for the production of those products shall be applied (CBAM factor). Contingent upon ensuring WTO compatibility and the avoidance of double protection,

the CBAM factor shall be equal to 100 % for the period between the date of entry into force of this Regulation and the end of 2027. Contingent upon application of operational phase of this Regulation in Article 36(3)(d), the CBAM factor shall be reduced during a transitional period by 10% from 2028 until 2030 before being reduced by 17,5 percentage points each year to reach 0 % by the end of 2034.

The period from 1 January 2027 to 31 December 2027 shall be called the comprehensive transitional period. The Commission shall establish a framework by which to ensure that the measures applied during that period comply with the WTO rules. In case the comprehensive transitional period does not prove to be WTO-compatible, the administrative transitional period shall be extended until 31 December 2027 through the delayed application of Article 36(3)(d) .

**Proposal for a regulation
Article 31 – paragraph 2 a (new)**

Text proposed by the Commission

Amendment

2a. Each year from 2025, as part of its annual report to the European Parliament and to the Council pursuant to Article 10(5) of Directive 2003/87/EC, the Commission shall assess the effectiveness of the CBAM in addressing the carbon leakage risk for goods produced in the Union for export to third countries which do not apply the EU ETS or a similar carbon pricing mechanism. The report shall in particular assess the development of Union exports in CBAM sectors and the developments as regards trade flows and the embedded emissions of those goods on the global market. Where the report concludes that there is a carbon leakage

risk for goods produced in the Union for export to such third countries which do not apply the EU ETS or a similar carbon pricing mechanism, the Commission shall, where appropriate, present a legislative proposal to address that carbon leakage risk in a manner that is compliant with WTO rules and takes into account the decarbonisation of installations in the Union.

Proposal for a regulation

Article 36 – paragraph 3 – point a

Text proposed by the Commission

(a) Articles 32 to 34 shall apply until 31 December **2025**.

Amendment

(a) Articles 32 to 34 shall apply until 31 December **2026**.

Proposal for a regulation

Article 36 – paragraph 3 – point b

Text proposed by the Commission

(b) Article 35 shall apply until 28 February **2026**.

Amendment

(b) Article 35 shall apply until 28 February **2027**.

Proposal for a regulation

Article 36 – paragraph 3 – point d

Text proposed by the Commission

(d) Articles 4, 6, 7, 8, 9, 14, 15, 16, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 31 shall apply from 1 January **2026**.

Amendment

(d) Articles 4, 6, 7, 8, 9, 14, 15, 16, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 31 shall apply from 1 January **2027**.

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) **An administrative** transitional period should apply during the period 2023 until **2026 and shall be used for data collection and analysis of the impact of CBAM on the industries concerned and to prevent the carbon leakage, with particular focus of the potential impact of the phase-out of free allocations**. 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 **and European industry**. Declarants should have to report on a quarterly basis the actual embedded emissions in goods imported during the **administrative** transitional period, detailing direct and indirect emissions as well as any carbon price paid abroad.

Proposal for a regulation
Recital 50 a (new)

Text proposed by the Commission

Amendment

(50 a) A comprehensive transitional period should apply during the period 1 January 2027 to 31 December 2027, with the objective to facilitate a smooth roll out of the mechanism hence reducing the risk of disproportionate impacts on European industry. Should the comprehensive transitional period be proven to be incompatible with WTO rules, the administrative transitional period shall be extended until 31 December 2027.