

Press release – Carbon levy on EU imports needed to raise global climate ambition



On Friday, the Committee on Environment, Public Health and Food Safety adopted a resolution on a WTO-compatible EU carbon border adjustment mechanism (CBAM) with 58 votes for, 8 against and 10 abstentions.

The resolution underlines that the EU's increased ambition on climate change must not lead to 'carbon leakage' as global climate efforts will not benefit if EU production is just moved to non-EU countries that have less ambitious emissions rules.

MEPs therefore support the introduction of a WTO-compatible CBAM to place a carbon price on imports of certain goods from outside the EU, if these countries are not ambitious enough about climate change. This would create an incentive for EU and non-EU trade industries to decarbonize in line with the Paris Agreement objectives.

MEPs underline that it should be designed with the sole aim of pursuing climate objectives and a global level playing field, and not be misused as a tool to enhance protectionism.

CBAM must be linked to a reformed EU Emissions Trading System (ETS)

The CBAM should be part of a broader EU industrial strategy and cover all imports of products and commodities under the EU ETS. MEPs add that by 2023, and following an impact assessment, it should cover the power sector and energy-intensive industrial sectors like cement, steel, aluminium, oil refinery, paper, glass, chemicals and fertilisers, which continue to receive substantial free allocations, and still represent 94 % of EU industrial emissions.

To prevent carbon leakage, carbon pricing under the CBAM should be linked to the price of EU allowances under the [EU ETS](#), they add.

Quote

After the vote, Parliament rapporteur [Yannick Jadot](#) (Greens, FR) said:

“The CBAM is a great opportunity to reconcile climate, industry, employment, resilience, sovereignty and relocation issues. It is a major political and democratic test for the EU, which must stop being naïve and impose the same carbon price on products, whether they are produced in or outside the EU, to ensure the most polluting sectors also take part in fighting climate change and innovate towards zero carbon. This will give us the best chance of remaining below the 1.5°C warming limit, whilst also pushing our trading partners to be equally ambitious in order to enter the EU market. Parliament is leading the way and we expect the same level of ambition from the Commission and member states.”

Next steps

Plenary is set to vote on the resolution in its session 8-11 March 2021. The Commission is expected to present a proposal in the second quarter of 2021.

Background

While the EU has already substantially reduced its domestic greenhouse gas emissions (GHG), those from imports have been rising, thereby undermining the EU's efforts to reduce its global GHG footprint.

Parliament has played an important role in pushing for more ambitious EU climate legislation and declared a [climate emergency](#) on 28 November 2019.