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From:	General Secretariat of the Council
To:	Council
Subject:	Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a carbon border adjustment mechanism (first reading) - Adoption of the legislative act = Statements

Statement by the Commission

The Commission recalls that the final agreement reached by the co-legislators on the establishment of the carbon border adjustment mechanism (CBAM) has evolved significantly in terms of the human resources required for its implementation within the Commission, compared to the legislative financial statement which accompanied the original proposal (COM(2021) 564 final of 14.07.2021), which was based on a decentralised model of implementation.

The additional Commission human resources required by the final agreement endorsed by the co-legislators will not allow the Commission to respect the principle of stable staffing and will require additional resources, to be authorised by the European Parliament and the Council during the annual budget procedure along with the related budgetary appropriations.

Without any additional means, such as the external assigned revenue accruing from the ETS, the options to finance the necessary administrative costs (staff and IT) of CBAM cannot be easily found. Heading 7 European Public Administration of the multiannual financial framework 2021-2027 was built on the principle of stable staffing, and there is no margin to finance additional officials.

The margin in Heading 3 Natural resources and Environment may in principle accommodate IT-related expenditure, subject to its limits. The reduced availabilities under the heading will limit the capacity of the EU budget to finance new political priorities.

Statement by Germany

Germany can accept the compromise reached, in the name of accelerating international climate efforts and reaching our climate targets by mid-century.

Appropriate measures are essential to limit carbon leakage, including during the exporting of CBAM products. In this respect, we would place particular importance on the Commission's assessment of trade flows and emissions embedded in exports. If a significant risk of carbon leakage is identified, we expect the Commission to put forward a legislative proposal which addresses this risk in a manner compatible with WTO rules. In its assessment, the Commission should examine in particular whether the measures laid down so far in the EU ETS Directive are sufficient to address the risk of carbon leakage.

In addition, we would like to stress that any further expansion of the CBAM's scope must be preceded by a thorough analysis taking into account the economic consequences. This is especially true if an expansion to include all ETS sectors were to be considered.

Statement by Portugal

Portugal supports the EU's climate goals in line with the Climate Law and its 2050 climate neutrality objective. The Carbon Border Adjustment Mechanism, as a WTO-compatible instrument to address the risk of carbon leakage caused by asymmetrical climate policies of non-EU countries, is a key element in the Fit for 55 package.

In this context, Portugal draws attention to and supports the agreement reached at the meeting of the Permanent Representatives Committee II on 20 December on the compromise text set out in ST 16060/22, of 14 December 2022, and recalls the Statement made there.

Portugal acknowledges the effort made by the co-legislators on the legal revision of the compromise text, with the support of the Commission, in the explicit reference to Article 349 TFEU introduced in the current version of this Regulation. This is without prejudice to the necessity for the Regulation to take account of other situations in which the economic burdens may be disproportionate and of all the impact assessments needed.

Finally, Portugal reiterates its understanding that the Commission will ensure that the reports provided for in Article 30 of this proposal for a Regulation will also address the economic, social and territorial impact on the outermost regions, in accordance with recital 65 of the current version of this Regulation.
