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DRAFT MINUTES
COUNCIL OF THE EUROPEAN UNION
(**Agriculture** and Fisheries)
25 April 2023

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1. Adoption of the agenda

The Council adopted the agenda set out in 8261/23.

Non-legislative activities

2. Approval of "A" items

a) Non-legislative list 8263/23

The Council adopted all "A" items listed in document 8263/23 including all linguistic COR and REV documents presented for adoption.

b) Legislative list (Public deliberation in accordance with Article 16(8) of the Treaty on European Union) 8264/23

Internal Market and Industry

1. Regulation on general product safety (GPSR)

Adoption of the legislative act
approved by Coreper, Part 1, on 19.04.2023

 7846/23
+ ADD 1 REV 2
PE-CONS 79/22
CONSOM

The Council approved the European Parliament's position at first reading and the proposed act has been adopted pursuant to Article 294(4) of the Treaty on the Functioning of the European Union (legal basis: Article 114 TFEU).

Statements to this item are set out in Annex.

Transport

2. Directive amending Directive 2003/25/EC introducing improved stability requirements for ro-ro passenger ships

approved by Coreper, Part 1, on 19.04.2023
Adoption of the legislative act

 7988/23
PE-CONS 76/22
MAR

The Council approved the European Parliament's position at first reading and the proposed act has been adopted pursuant to Article 294(4) of the Treaty on the Functioning of the European Union (legal basis: Article 100(2) TFEU).

Environment

3. Revision of the ETS Directive

Adoption of the legislative act

approved by Coreper, Part 1, on 19.04.2023



8359/23 + ADD 1
PE-CONS 9/23

The Council approved the European Parliament's position at first reading and the proposed act has been adopted pursuant to Article 294(4) of the Treaty on the Functioning of the European Union (legal basis: Article 192(1) TFEU), with Hungary and Poland voting against and Belgium and Bulgaria abstaining.

Statements to this item are set out in Annex.

4. Amendment of the MRV shipping Regulation

Adoption of the legislative act

approved by Coreper, Part 1, on 19.04.2023



8361/23 + ADD 1
PE-CONS 10/23

The Council approved the European Parliament's position at first reading and the proposed act has been adopted pursuant to Article 294(4) of the Treaty on the Functioning of the European Union (legal basis: Article 192(1) TFEU), with Poland abstaining.

Statement to this item are set out in Annex.

5. Regulation establishing a Social Climate Fund

Adoption of the legislative act

approved by Coreper, Part 1, on 19.04.2023



8358/23 + ADD 1
PE-CONS 11/23

The Council approved the European Parliament's position at first reading and the proposed act has been adopted pursuant to Article 294(4) of the Treaty on the Functioning of the European Union (legal basis: Article 91(1), point (d), Article 192(1) and Article 194(1), point (c) TFEU), with Finland voting against and Belgium and Poland abstaining.

Statements to this item are set out in Annex.

6. **Revision of Directive 2003/87/EC as regards aviation's contribution (ETS Aviation)**
Adoption of the legislative act
approved by Coreper, Part 1, on 19.04.2023

 8344/1/23 REV 1
+ ADD 1
PE-CONS 8/23

The Council approved the European Parliament's position at first reading and the proposed act has been adopted pursuant to Article 294(4) of the Treaty on the Functioning of the European Union (legal basis: Article 192(1) TFEU), with Poland voting against and Bulgaria abstaining. Statement to this item is set out in Annex.

Economic and Financial Affairs

7. **Regulation establishing a carbon border adjustment mechanism (CBAM)**
Adoption of the legislative act
approved by Coreper, Part 2, on 19.4.2023

 8342/23
+ ADD 1 REV 1
PE-CONS 7/23
ECOFIN

The Council approved the European Parliament's position at first reading and the proposed act has been adopted pursuant to Article 294(4) of the Treaty on the Functioning of the European Union (legal basis: Article 192(1) TFEU), with Poland voting against and Belgium and Bulgaria abstaining. Statements to this item are set out in Annex.

Legislative deliberations

(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

- | | |
|---|--|
| 3. Regulation on the certification of carbon removals:
Agricultural and forestry aspects
<i>Information from the Commission</i>
<i>Policy debate</i> |  7896/23
15557/22
+ ADD 1-2 |
|---|--|

The Council took note of the information provided by the Commission on the agricultural and forestry aspects of the proposal for a Regulation establishing a Union certification framework for carbon removals and of the comments and positions expressed by delegations. The Council would return to the issue at one of its future meetings.

Non-legislative activities

- | | |
|--|---|
| 4. Market situation in particular following the invasion of Ukraine¹
<i>Information from the Commission and the Member States</i>
<i>Exchange of views</i> | 8402/23 |
| 5. Conclusions on the opportunities of the bioeconomy in the light of current challenges with special emphasis on rural areas
<i>Approval</i> |  8194/23 |

The Council approved the text of the Council conclusions on the opportunities of the bioeconomy in the light of current challenges with special emphasis on rural areas, as set out in the document above. It also took note of the comments of the Commission and of Member States on the future development of bioeconomy.

¹ In the presence of the Ukrainian Minister for Agrarian Policy and Food

6. CAP Strategic Plans – state of play

 8104/23

*Information from the Commission
Exchange of views*

On the basis of a Presidency note set out in the document above and two guiding questions included therein, the Council exchanged views on Member States' Strategic Plans, the most important lessons learned from their introduction and how to further facilitate their implementation. Delegations focused on the challenges generated by the late adoption of the legislative acts for both the competent authorities and farmers, the need for flexibility from the Commission, notably when amending the Strategic Plans as well as the importance of simplification and subsidiarity.

The Council also took note of the information provided by the Commission on the basis of its report set out in 8211/23 on the state of play of the Strategic Plans

Any other business

7. a) Study on the Union's situation and options regarding the introduction, production, evaluation, marketing and use of invertebrate biological control agents (IBCA) within the territory of the Union

 7882/23

Presentation by the Commission

The Council took note of the information provided by the Commission on the outcome of the study presented in 16317/22 + ADD 1. The Council also took note of the comments made by several delegations.

b) Establishment of new and lower maximum levels for PFAS in foodstuffs

 8404/23

*Information from the Danish delegation, on behalf of
Czech, Danish, German and Netherlands delegations*

The Council took note of the information provided by the Danish delegation, on behalf of the Czech, Danish, German and Netherlands delegations, on the establishment of new and lower maximum levels for PFAS in foodstuffs. The Council also took note of the comments made by several delegations and by the Commission.

c) **Current legislative proposal**

(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

Concerns about draft legislative act on sustainable use of plant protection products and maintenance of an adequate plant health status in the EU 8119/23

Information from the Latvian delegation, on behalf of Bulgarian, Czech, Hungarian, Latvian, Lithuanian, Polish, Romanian and Slovak delegations

The Council took note of the information provided by the Latvian delegation on behalf of the Bulgarian, Czech, Hungarian, Latvian, Lithuanian, Polish, Romanian and Slovak delegations. The Council also took note of the comments made by the delegations and by the Commission.

d) Proposal to mitigate the impact of imports from Ukraine on EU markets 8398/23

Information from the Slovak delegation, supported by the Bulgarian, Hungarian, Polish and Romanian delegations

e) Necessary actions that need to be taken to counteract the market disturbances in the EU Member States most impacted by increased imports of agri-food products from Ukraine 8399/23

Information from the Polish delegation, on behalf of the Bulgarian, Hungarian, Polish, Romanian and Slovak delegations

f) Continuing crisis in the dairy sector 8400/23

Information from the Lithuanian and Latvian delegations

g) Commission's report on the findings of the EU coordinated action "From the hives" and its relevance for the revision of the Council Directive on honey (2001/110/EC)

 8418/23

Information from the Slovenian delegation

The Council took note of the information provided by the Slovenian delegation on the Commission's report on the findings of the EU coordinated action "From the hives" and its relevance for the revision of the Council Directive on honey (2001/110/EC) as set out in the document above. The Council also took note of the comments made by several delegations and by the Commission.



First reading



Item based on a Commission proposal



Public debate proposed by the Presidency (Article 8(2) of the Council's Rules of Procedure)

Statements to the legislative "A" items set out in document 8264/23**Ad "A" item 1:** **Regulation on general product safety (GPSR)**
*Adoption of the legislative act***STATEMENT BY HUNGARY**

“Hungary recognizes and promotes equality between men and women in accordance with the Fundamental Law of Hungary, and the primary law, principles and values of the European Union, as well as commitments and principles stemming from the international law. Furthermore, equality between women and men is enshrined in the Treaties of the European Union as a fundamental value. In line with these and its national legislation, Hungary interprets the concept of ‘gender’ as reference to ‘sex’ and the concept of ‘gender equality’ as reference to ‘providing equal rights, chances and opportunities for women and men’ in the Regulation of the European Parliament and of the Council on general product safety, amending Regulation (EU) No 1025/2012 of the European Parliament and of the Council and Directive (EU) 2020/1828 of the European Parliament and the Council and repealing Directive 2001/95/EC of the European Parliament and of the Council and Council Directive 87/357/EEC.”

STATEMENT BY DENMARK, FRANCE, GERMANY, PORTUGAL AND SPAIN

“Denmark, France, Germany, Portugal and Spain fully support the goals of the General Product Safety Regulation and welcome the updating and improvements of product safety legislation to make sure it matches the new more digital and technological reality. However, we expected a higher level of ambition with regard to regulating the role of providers of online marketplaces in preventing the reappearance on the market of already notified dangerous products. Throughout the last decade, the role of providers of online marketplaces in the distribution of products into the Union market has grown rapidly. Although some of them have voluntary commitments and internal policies focused on product safety and most of them usually take down unsafe products when informed, they too often reappear, and the existing tools have proven not to be effective enough to prevent it. This reflects a complex and challenging consumer enforcement environment that requires a more proactive approach, making better use of the possibilities offered by technology to perform ex ante random checks in an automatized way. Hence, we will closely monitor the implementation of the GPSR in connection with the DSA and we expect that further responsibilities for providers of online marketplaces with regard to product safety will be considered in future proposals.”

STATEMENT BY HUNGARY

“Hungary supports and is strongly committed to the transition to climate neutrality and to adopt effective mitigation measures. We agree with the view, that the European Union needs to remain ambitious, but we need to act responsibly. At the same time, we have to ensure that energy is provided at a price that is affordable for households and companies in order to maintain the public support for a fair and socially inclusive green transition.

We are concerned that the BRT ETS will place an excessive burden on European households and undermine the competitiveness of our economies, especially in lower-income Member States, most of which are more exposed to the effects of the current crises, while these measures will not contribute significantly to the EU’s emission reduction efforts.

During the times of a global energy crisis, the Russian invasion of Ukraine, rising inflation and uncertainties throughout Europe, we believe that now it is not the right time to adopt measures, which will further aggravate the life of the most vulnerable households, potentially increase energy poverty and risk undermining business confidence and the support for climate action. Therefore, Hungary cannot accept a decision that will force citizens to pay more due to the introduction of an EU-wide uniform carbon price.”

STATEMENT BY LITHUANIA

“Lithuania endorses the final compromise text on amendment of the Directive on the EU Emissions Trading System (ETS).

Lithuania agrees that higher GHG mitigation ambitions are needed to achieve the long-term climate neutrality target. The strengthened EU ETS, extended to new sectors, is an effective tool for reducing GHG emissions. The extension of the EU ETS to transport, buildings and other sectors is an instrument that should provide an EU-level harmonised approach to mitigating non-ETS GHG emissions, especially in the transport sector. Nevertheless, it will also cause additional socio-economic challenges, with the most adverse effects borne by the Member States with lower GDP and the highest energy poverty rates.”

In this regard, Lithuania welcomes the establishment of Social Climate Fund as a tool to mitigate the adverse social impacts of the proposed EU ETS for buildings and road transport (ETS BRT) on vulnerable households, micro-enterprises, and transport users, through measures and investments as well as temporary direct income support. It is critical to ensure that the Member States with lower GDP and experiencing the greatest energy poverty at least recover the expenses incurred under the ETS BRT through auctioning rights and the Social Climate Fund.

Lithuania regrets that the Social Climate Fund will be established at a fixed size, without any possibility of its size being increased dynamically in line with the increase in the price of allowances (especially over 55 euros) to adequately react to the changes in costs incurred by consumers.

It is also regrettable that the price regulation mechanism established for allowances may not effectively provide predictability of the carbon price for a longer period, as it is only set for the years 2028 and 2029 (Article 30h of amended Directive 2003/87/EC).”

STATEMENT BY POLAND

“In Poland's view, the EU ETS system requires in-depth reform, but a significant part of the modifications introduced in the directive do not go in the right direction or are insufficient. The proposed changes exacerbate the structural problems of the EU-wide Emissions Trading System without providing the required solutions.

Two points should be noted in particular. First, there is a need for an efficient and credible mechanism to regulate the price of allowances. The proposed solutions are insufficient and have a negative impact on EU energy prices and the competitiveness of European industry. In Poland, the cost of allowances can account for up to 40% of the price of electricity and 55% of the cost of district heating. This situation is unacceptable and unsustainable. It represents an overwhelming financial burden for households and an obstacle for businesses to modernise and make environmentally friendly investments, as the funds planned for this purpose are allocated to the purchase of allowances. Thus, in its current form, the EU ETS is actually slowing down the energy transition. During the negotiations, Poland made constructive proposals for potential improvements to the EU ETS and remains open to discussions on the matter.

Secondly, the inclusion of households in the ETS should be unequivocally considered negative. Households are already suffering as a result of the high price of EU ETS allowances, and now they will face higher heating and transport costs. The new market will be driven by allowance purchases for the most polluting fuels, which are used by the poorest households. They will bear the burden of this system, which deepens the social divide and directly contravenes the principles of justice and solidarity. Depriving households of funds does not lead to a gradual energy transition, but to energy poverty. The new fund does not offset the negative effects of the changes on Polish society, which accounts for 87% of coal-heated homes in the EU. This is why we cannot agree to a new allowances market that includes households.

Furthermore, given the impact of the proposed regulation on the energy mix of the Member States and the resulting negative social consequences, in Poland's view, the legal basis for the proposed act should be Article 192(2)(c) TFEU.

In view of the above, Poland cannot support the draft that has been presented, as we do not see adequate solutions to the problems highlighted above.

Poland also reiterates its negative position on the whole Fit for 55 package, which sets unrealistic goals and ambitions and significantly affects the Member States' energy mix. Poland is of the opinion that most of the package is being dealt with on an incorrect legal basis, which creates a dangerous precedent.”

STATEMENT BY SLOVAKIA

“First of all, the Slovak Republic would like to thank the Council Presidencies and the Commission for their determination and work on the "Fit for 55" legislative package. The Slovak Republic remains committed to the increased ambition, as we have jointly agreed to reduce the greenhouse gas emissions by at least 55% by 2030 and to achieve climate neutrality by 2050.

The implementation of the "Fit for 55" legislative package will be a central topic in the near future.

Therefore, we consider it extremely important to draw attention to the transposition deadlines. They do not provide a sufficient amount of time, nor take into account national legislative rules. In particular, the introduction of a new emission trading system for buildings, road transport and additional sectors enormously increases the administrative burden and extends the complexity of the entire emission trading system. The distribution of regulated entities of the new emission trading system in terms of administrative division and their number, which in the case of the Slovak

Republic is up to ten times greater than the number of stationary installations in the current emission trading system, requires demanding implementation. The transposition deadlines do not take this into account at all. On the contrary, the transposition period is unusually short. In addition, the revision of the current emission trading system also changes the system for the stationary installations, the aviation and incorporates the maritime transport.

The Slovak Republic would like to point out that there is a significant risk of not being able to transpose the ETS Directive within the set deadline. For the reasons mentioned, we would like to ask the Commission to take these facts into account.”

STATEMENTS BY THE COMMISSION

Statement 1

“In order to further enhance the integrity and transparency of the European carbon market, the Commission will introduce changes in the delegated acts which govern the auctioning of emission allowances and functioning of the Union Registry, to improve regulatory reporting and market monitoring in the market of emission allowances and derivatives thereof, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivatives.

Article 36 of Commission Regulation (EU) No 1031/2010 (Auctioning Regulation) establishes an obligation for the auction platform to report the complete and accurate details of every auctioning transaction to their competent national authority designated under Directive 2014/65/EU (MiFID 2). In the upcoming revision of the Auctioning Regulation, the Commission will provide for data on auctions to also be reported directly to the European Securities and Markets Authority (ESMA). This will enhance the efficient monitoring of auctions in emission allowances and relevant linkages with the secondary market.

Article 55(4) of Commission Regulation (EU) No 2019/1122 (Registry Regulation) provides that purely bilateral OTC transactions have to be marked upon the initiation of a transfer of emission allowances in the Union Registry. However, this marking is not done systematically by market participants. The Commission will amend the requirement of marking of purely bilateral OTC transaction, in order to better inform account holders and to ensure a better implementation of this provision. In addition, the Commission will implement technical adjustments in the system of the Union Registry to make this marking a mandatory requirement for the execution of transactions. In order to improve the quality of data available to market regulators for the so-called spot market of emission allowances, the Commission will also amend the Registry Regulation to allow the market regulators to request regular access to data from the Union Registry. This will allow regulators to receive timely information which can be cross-checked with regulatory data received on derivatives markets and to intervene if appropriate in order to uphold the proper functioning of the European carbon market.

Finally, the Commission would like to remind that, as from January 2018, emission allowances are classified as financial instruments by the Directive on Markets in Financial Instruments (MiFID2). Previously, only the derivative contracts of emission allowances were in the scope of financial market rules. In practice, this classification creates very specific obligations for entities trading in the European carbon market.

According to Article 58 of Directive 2014/65/EU (MiFID2), all market participants must report on a daily basis the number of positions they are holding in the carbon market (position reporting). These position reports are submitted to relevant national competent authorities and are published on a weekly basis by ESMA.

According to Article 26 of Regulation (EU) No 600/2014 (MiFIR), market participants must also report details of all their financial transactions in emission allowances and derivatives thereof, including over-the-counter transactions, to national authorities (obligation to report transactions).

According to Article 16 of Regulation (EU) No 596/2014 (Market Abuse Regulation), all market participants are subject to strict rules on preventing market abuse, including legal obligation to notify any suspicious trading behavior to the relevant financial authorities.

Market participants must report their transactions in allowances and derivatives thereof to the relevant national competent authorities, which are responsible for the oversight of the carbon market. At European level, their actions are coordinated by the ESMA, as is the case for other financial instruments.”

Statement 2

“The dedicated topics for maritime in calls for proposal referred to in Article 10a(8) should deploy 20 million allowances up to 2030 in these areas, following the applicable rules thereunder.”

Statement 3

“The Commission considers that Articles 3d(4), 10(3) and 30d(6) of Directive 2003/87/EC do not oblige Member States to set aside any funds at national level. That Directive establishes both the source of the revenue and sets general purposes for the Member States to choose from for the use of that revenue.

The Commission confirms that Member States are not required to earmark the revenues from the auctioning of ETS allowances, but may use ‘the equivalent in financial value’ of these revenues.”

Ad "A" item 4: **Amendment of the MRV shipping Regulation**
Adoption of the legislative act

STATEMENTS BY THE COMMISSION

Statement 1

“In order to further enhance the integrity and transparency of the European carbon market, the Commission will introduce changes in the delegated acts which govern the auctioning of emission allowances and functioning of the Union Registry, to improve regulatory reporting and market monitoring in the market of emission allowances and derivatives thereof, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivatives.

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Market participants must report their transactions in allowances and derivatives thereof to the relevant national competent authorities, which are responsible for the oversight of the carbon market. At European level, their actions are coordinated by the ESMA, as is the case for other financial instruments.”

Statement 2

“The dedicated topics for maritime in calls for proposal referred to in Article 10a(8) should deploy 20 million allowances up to 2030 in these areas, following the applicable rules thereunder.”

Statement 3

“The Commission considers that Articles 3d(4), 10(3) and 30d(6) of Directive 2003/87/EC do not oblige Member States to set aside any funds at national level. That Directive establishes both the source of the revenue and sets general purposes for the Member States to choose from for the use of that revenue.

The Commission confirms that Member States are not required to earmark the revenues from the auctioning of ETS allowances, but may use ‘the equivalent in financial value’ of these revenues.”

STATEMENT BY LITHUANIA

“Lithuania endorses the final compromise text of the Regulation establishing a Social Climate Fund.

Lithuania agrees that higher GHG mitigation ambitions are needed to achieve the long-term climate neutrality target. The strengthened EU ETS, extended to new sectors, is an effective tool for reducing GHG emissions. The extension of the EU ETS to transport, buildings and other sectors is an instrument that should provide an EU-level harmonised approach to mitigating non-ETS GHG emissions, especially in the transport sector. Nevertheless, it will also cause additional socio-economic challenges, with the most adverse effects borne by the Member States with lower GDP and the highest energy poverty rates.

In this regard, Lithuania welcomes the establishment of Social Climate Fund as a tool to mitigate the adverse social impacts of the proposed EU ETS for buildings and road transport (ETS BRT) on vulnerable households, micro-enterprises, and transport users, through measures and investments as well as temporary direct income support. It is critical to ensure that the Member States with lower GDP and experiencing the greatest energy poverty at least recover the expenses incurred under the ETS BRT through auctioning rights and the Social Climate Fund.

Lithuania regrets that the Social Climate Fund will be established at a fixed size, without any possibility of its size being increased dynamically in line with the increase in the price of allowances (especially over 55 euros) to adequately react to the changes in costs incurred by consumers.

It is also regrettable that the price regulation mechanism established for allowances may not effectively provide predictability of the carbon price for a longer period, as it is only set for the years 2028 and 2029 (Article 30h of amended Directive 2003/87/EC).”

STATEMENT BY POLAND

“In Poland’s view, it is crucial that the EU’s transition towards climate neutrality be fair.

In this context, we support the idea of allocating additional EU funding to compensate for the costs of the energy transition, for entities in energy poverty and transport exclusion, and for vulnerable households, vulnerable micro-enterprises and vulnerable transport users.

However, making the creation of the Social Climate Fund conditional on the introduction of solutions that place an additional burden on households, thereby increasing and deepening poverty, is inappropriate.

Furthermore, Poland reiterates its negative position on the ‘Fit for 55’ package as a whole, which sets unrealistic targets and ambitions and has a significant impact on Member States’ energy mix.

Poland is of the opinion that most of the package is being dealt with on an incorrect legal basis, which creates a dangerous precedent.

For this reason, Poland is refraining from voting in favour of this legislation.”

STATEMENTS BY THE COMMISSION

Statement 1

“As part of the negotiations under the recast of the Energy Efficiency Directive (EED recast), the Commission's intention is to present a targeted amendment to the Regulation establishing a Social Climate Fund to update the definition of energy poverty in line with the agreement reached on the definition of energy poverty in the EED recast.”

Statement 2

“In the Inter-institutional Agreement of 16 December 2020 between the European Parliament, the Council and the 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, points 30 to 33 require the Commission to make available an integrated and interoperable information and monitoring system including a single data-mining and risk-scoring tool to access and analyse the required data with a view to a generalised application by Member States. In addition, the three institutions agreed to sincerely cooperate, in the course of the legislative procedure relating to the relevant basic acts, to ensure the follow up to the European Council conclusions of July 2020 regarding this element.

The Commission considers that the agreement reached by the co-legislators on the use of a single data-mining tool and the collection and analysis of data on the beneficial owners of the recipients of funding is not sufficient to enhance the protection of the Union budget against fraud and irregularities and to ensure efficient checks on conflicts of interests, irregularities, issues of double funding, and criminal misuse of the funds. Therefore, the approach agreed by the co-legislators in the Regulation establishing a Social Climate Fund does not appropriately reflect the desired ambition and spirit of the Inter-institutional Agreement.”

Statement 3

“The Commission considers that the agreement reached by the co-legislators under “Annex III - Key requirements for the Member State’s control system” of the Regulation establishing a Social Climate Fund concerning Member States’ possibility to designate more than one authority that can be entrusted with the responsibility to sign the management declaration accompanying the payment requests could lead to inefficiencies and a dilution of responsibilities as well as create confusion about the roles of the authorities.”

<u>Ad "A" item 6:</u>	Revision of Directive 2003/87/EC as regards aviation’s contribution (ETS Aviation) <i>Adoption of the legislative act</i>
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STATEMENT BY THE COMMISSION

“The Commission will publish data referred to in Article 14(6) of Directive 2003/87/EC from 2023 onwards in a user-friendly manner, including data at a higher level of aggregation where appropriate as set out in that paragraph.”

**Regulation establishing a carbon border adjustment mechanism
(CBAM)**

Ad "A" item 7:

Adoption of the legislative act

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.”

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.”