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'I' ITEM NOTE

From: Presidency
To: Permanent Representatives Committee (Part 2)
Subject: Ad hoc working party on the Carbon Border Adjustment Mechanism (CBAM)
- Establishment and approval of the mandate

1. The European Council in its conclusions of 10-11 December 2020¹ invited the European Commission to propose a carbon border adjustment mechanism to ensure the environmental integrity of EU policies and avoid carbon leakage in a WTO-compatible way. In its conclusions of 17-21 July 2020, the European Council, among other points, indicated that the European Commission will propose a carbon border adjustment mechanism, as a basis for additional own resources for the EU.² Work on the carbon border adjustment mechanism is also referred to in the Roadmap towards the introduction of new own resources, which is part of the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission of 16 December 2020.³

¹ See doc. EUCO 22/20, points 14 and 17.

² See doc. EUCO 10/20, point A29.

³ OJ L 433I , 22.12.2020, p. 28.

2. On 14 July 2021 the European Commission issued a proposal for a Regulation of the European Parliament and of the Council establishing a carbon border adjustment mechanism (CBAM) (2021/0214 (COD)).
3. In order to efficiently address the cross-sectoral subject matters covered by this legislative proposal, and conduct the preparatory work related to the negotiations on this legislative proposal in the Council, the Presidency proposes to establish an Ad Hoc Working Party on the carbon border adjustment mechanism ("AHWP CBAM").
4. The AHWP CBAM would operate on the basis of a mandate (see Annex), and draw on the expertise of delegates working in the relevant areas, as appropriate. This working party will cease to exist upon the adoption of a Regulation establishing a carbon border adjustment mechanism, on the basis of the above-mentioned legislative proposal. To be noted, the mandate of the AHWP CBAM can be updated or revised, including its possible prolongation, as necessary, in order to carry out legislative or non-legislative technical and preparatory work instrumental to ensure the smooth functioning of CBAM.
5. The activities of the AHWP CBAM shall be without prejudice to the work outside the proposal for a Regulation establishing CBAM, carried out in other sectorial preparatory bodies, which shall remain responsible for distinct sector-specific legislative and non-legislative files (e. g. the Working Party on Own Resources, Working Party on Customs Union, Working Party on the Environment, Trade Policy Committee, Working Party on Tax Questions, (Fiscal) Counsellors/Attachés (A.18), etc.).
6. Against this background, the Committee of Permanent Representatives is invited to approve:
 - the establishment of the ad hoc Working Party on Carbon Border Adjustment Mechanism (AHWP CBAM), and
 - its mandate set out in the Annex to this note.

Mandate

Ad Hoc Working Party on the Carbon Border Adjustment Mechanism (AHWP CBAM)

Code	[D.17]
Council configuration	<p>The Ad Hoc Working Party on the Carbon Border Adjustment Mechanism operates under:</p> <ul style="list-style-type: none"> <input type="checkbox"/> General affairs <input type="checkbox"/> Foreign affairs <input checked="" type="checkbox"/> Economic and financial affairs⁴ <input type="checkbox"/> Justice and home affairs⁵ <input type="checkbox"/> Employment, social policy, health and consumer affairs <input type="checkbox"/> Competitiveness (internal market, industry, research and space)⁶ <input type="checkbox"/> Transport, telecommunications and energy <input type="checkbox"/> Agriculture and fisheries <input type="checkbox"/> Environment <input type="checkbox"/> Education, youth, culture and sport⁷
Sub-areas or subgroups (if applicable)	n/a
Policy areas	<p>On 14 July 2021 the European Commission issued a proposal for a Regulation of the European Parliament and of the Council establishing a carbon border adjustment mechanism (CBAM) (2021/0214/COD)).</p> <p>Under the authority of the Coreper⁸, AHWP CBAM is responsible for the conduct of the work necessary to prepare the content of a position of the Council on all the issues covered by the above-mentioned legislative proposal of the Commission in view of adoption of legislative act(s) on the basis of that legislative proposal.</p>

⁴ Including budget

⁵ Including civil protection

⁶ Including tourism

⁷ Including Audio-visual affairs

⁸ In accordance with Article 240(1) TFEU and the Council's Rules of procedure

Type of work

The Working Party is mainly in charge of the following:

- Work on Union legal acts (i.e. legislative acts and other legal acts)
- Policy preparation

In particular, the AHWP is in charge of

- legislative act(s):
 - Regulation establishing a carbon border adjustment mechanism
- other Union legal acts:
- external documents or instruments:
- policy document(s):
- other:

Chairing arrangement

The Working Party is chaired by:

- the six-monthly Presidency
- a representative of the High Representative
- other, namely:

Observations

- Date of establishment: [22]/07/2021
- Duration of the mandate:
AHWP CBAM will cease to exist upon the adoption of a Regulation establishing a carbon border adjustment mechanism.
- Main links with other Working Parties:
The AHWP CBAM draws on the expertise of delegates working in the relevant areas, as appropriate, and its activities shall be without prejudice to the work outside the proposal for a Regulation establishing CBAM, carried out in other sectorial preparatory bodies, which shall remain responsible for distinct sector-specific legislative and non-legislative files (e. g. the Working Party on Own Resources, Working Party on Customs Union, Working Party on the Environment, Trade Policy Committee, Working Party on Tax Questions, (Fiscal) Counsellors/Attachés (A.18), etc.).