Climate: How do MEPs vote?

APRIL 2021









What is this report about?

This report provides an overview of the political dynamics within the European Parliament on key topics concerning EU climate legislation (emissions reduction targets, deforestation, Emissions Trading System, the Just Transition Fund, the Carbon Border Adjustment Scheme, etc.). Its focus is especially aimed at observing the alliances formed in the European Parliament on climate topics, revealing the main divisions within the European political families and the key role played by specific national groups in steering climate legislation through the legislative chamber.

The analysis is based on actual votes cast during the current term of the European Parliament, as the positions of MEPs are reflective of their decisions when voting on key amendments or paragraphs (rather than mere statements or speeches). We purposefully selected votes on more divisive topics to highlight the nuances between the main political forces, but also to shed light on the potential conflicts between Parliamentary majorities and the national governments in the Council. Importantly, some of the key policies approved by the European Parliament, such as the initiatives to increase carbon emissions reduction targets to 60% by 2030 or to preserve existing carbon leakage provisions after the introduction of the new carbon tax, were approved by very narrow majorities.

Introduction

The European elections in May 2019 were marked by a shift towards the centre of majority forces in the European Parliament and the intensification of environmental challenges. The "green wave", which received much media coverage, confirmed that the EU is, in the opinion of its citizens, the appropriate level to tackle issues related to environmental protection and the fight against climate change. These elections resulted in a significant increase of MEPs in centrist groups (Renew Europe) and greens (the Greens - European Free Alliance - "Greens/EFA"), thereby shattering the traditional bipartisan centre-right (European People's Party - "EPP") / centre-left (Progressive Alliance of Socialists and Democrats - "S&D") majority.

Two years after the start of this new term of office and following on from studies conducted ahead of the 2019 elections, the Political Observatory of the European Parliament established by the Jacques Delors Institute in Paris1, in which Europe Jacques Delors (Brussels) takes part, commissioned from the VoteWatch Institute this analysis of plenary votes cast in the European Parliament with regard to the key proposals and reports for the implementation of the Green Deal. A study of these votes allows for an assessment of the interface between the aforementioned political reconfigurations and the growing importance of environmental topics in the Parliament with a view to observing the new political fault lines on these issues. The study also focuses on the specific positions of French MEPs for each of the selected votes and in each of the groups in which French MEPs are present.

The results of this study highlight four main points:

- A clear and unbroken fault line between progressives (S&D, Greens, the Left) and conservatives (EPP, European Conservatives and Reformists - "ECR") in addition to Identity and Democracy (ID) regarding most environmental issues, including votes of principle and major topics: initiatives regarding the 60% carbon emissions reduction by 2030 in relation to 1990 levels, carbon neutrality by 2050 and negative carbon emissions after 2050.
- The pivotal role of the centrist Renew Europe group, new "kingmaker" at the European Parliament in this area, which, according to the topics and challenges, either shares the positions of the progressives (acknowledging the shortcomings of the current certification scheme to combat deforestation), or sides with the conservatives (opposing monetary penalties for non-compliance with due diligence obligations). The positions of this group which is the successor of the Alliance of Liberals and Democrats for Europe (ALDE), heavily dominated by the French delegation of the La République en Marche movement, sometimes reflect the political stances of the French executive.
- A national ridge line that transcends political groups. This is most visible when it comes to the energy transition. The continuation of high-carbon energy mixes in Eastern European countries (for instance, Poland's energy mix is still 80% dependent on coal) sheds light on some national delegations' opposition during votes on EU climate neutrality targets for 2050, the conditioning of transition fund allocation on the achievement of European climate objectives and on the option of investing in natural gas through the Just Transition Fund.
- Dissent on a case-by-case basis. While the political outlines of the European Green Deal have garnered a kind of consensus among the progressive groups (the Left, S&D, the Greens-EFA, Renew Europe), the conditions of its implementation do, however, give rise to greater dissent within groups and delegations. Voting on the green conditionality of Just Transition funding

¹ Chaired by Pascal Lamy and made up in particular of former and current MEPs Pervenche Berès, Jean-Louis Bourlanges, Monica Frassoni, Daniel Freund, Fabienne Keller, Alain Lamassoure and Javier Moreno Sánchez.

or of the European Carbon Border Adjustment Mechanism have led conservative groups and some progressive MEPs to take a stance against the objectives and spirit of the Green Deal. This was particularly the case during the plenary vote on the EU Carbon Border Adjustment Mechanism (CBAM) resolution, when, due to pressure from certain industrial lobbies, the EPP succeeded in having the statement concerning the need to eliminate the current measures to combat carbon leakage removed from the final text (allocations of CO2 emissions granted free of charge, under the EU ETS - the EU Emissions Trading System -, to the major emitting industries). This amendment which curtails the final text actually significantly undermines its legal soundness. On this sensitive issue, it is clear that the Renew Europe group is divided, although only a minority of Renew Europe MEPs ultimately voted in favour of maintaining the free allocations following the implementation of the CBAM.

At the end of the day, the case of the CBAM is only one example of the fragile nature of the progressive and pro-environment coalition of the European Parliament with regard to certain technical subjects. As with almost all of the votes studied, it bears witness to the persistence of a firm opposition expressed by conservative groups (some national delegations of the EPP, the ECR group and the ID group) to the strengthening of European ambitions regarding carbon reduction and environmental protection.

The study also highlights the key role played by the delegation of French MEPs in the Renew Europe group, an essential instrument for French influence in the definition of the group's political priorities, and more broadly of the 2019-2024 term of office. In closing, French MEPs, regardless of their group, express their positions on a "case-by-case" basis regarding environmental issues, relatively emancipated from group positions.

N.B.: In order to access the most precise data in the following study, please click on the links below each figure.

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Background information

As the 2019 elections of the European Parliament are almost two years behind us, there is now enough information to confirm previous expectations on the changing political and policy dynamics within the EU institution. The past elections notably weakened the two biggest EU families, the European People's Party (EPP) and the Socialists and Democrats (S&D), which have lost their combined majority of seats for the first time. Conversely, smaller political groups, such as the centrist, green and nationalist forces gained ground, which notably raised the question of how this increasing political fragmentation will affect coalition-building dynamics within the Parliament. Additionally, the increased strength of fringe forces, especially to the far-right of the political spectrum, is another factor that was deemed likely to further complicate the formation of alliances in the EP.

The increasing fragmentation and polarisation within the European Parliament are particularly visible with regards to decisions concerning the European Green Deal, which aims to dramatically re-shape the EU economy in order to deal with the climate challenge. As we already observed during the previous legislative term of the European Parliament, votes on environmental matters are the most likely to trigger disagreements between the EPP and S&D, therefore leading to narrower majorities in the European Parliament. This trend is confirmed by the latest data by VoteWatch Europe: S&D agrees more with the Greens and the Left than the EPP when voting on environmental topics. Similarly, the EPP agrees more with ECR on environmental topics than the S&D group.

Such disagreements between the two largest groups play to the advantage of the smaller forces, especially Macron's Renew Europe group, since the centrist group is placed in the middle of the policy spectrum and it is often able to provide either the EPP and allies or S&D and allies with a majority. Importantly, Renew Europe tends to be 'greener' than its predecessor ALDE, which means that the centrist group is much more likely to form alliances with S&D and the Greens rather than EPP and ECR on environmental topics. This contributes to tilt the balance of power to the advantage of the left-leaning forces advocating for a faster 'green' transition of the EU economy. Yet, there are several cases where the main cleavages do not apply, as coalitions are formed on an ad-hoc basis. This means that even the pivotal centrist forces occasionally end up on the minority side and that each political force represented in the European Parliament has a role to play, one way or the other, in shaping the EU climate package.

The key votes analysed by VoteWatch confirm these overall expectations: while the coalition between progressive forces (S&D, Greens/EFA and the Left) and Renew Europe is most common on climate topics, there are instances where Renew Europe sides with the EPP (e.g. matters concerning natural gas). In other cases, EPP, S&D and Renew form a coalition against the fringe forces (e.g. when debating on the inclusion of the building sector into the Emissions Trading Scheme), while more unusual coalition-building is occasionally observed (e.g. when deciding on the allocation of the Just Transition Fund).

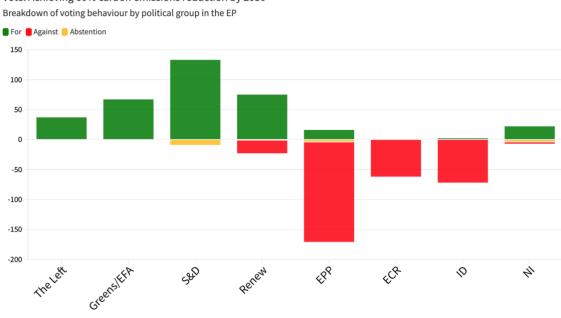
In many cases, geographical cleavages also play a role, as national differences lead to a decrease in the cohesion of European groups. For instance, Renew Europe ended up on the minority side on some of the key votes concerning the carbon border adjustment mechanism due to divisions in its own camp. Generally, MEPs from Central and Eastern Europe are less supportive of a speedier climate transition compared to their group colleagues, while the opposite can be said regarding MEPs from France and neighbouring countries. However, there are individual cases that do not fit this general trend, shedding light on the complexity of the current Parliamentary dynamics. The following sections will provide further details on the current state of play in the European Parliament, which will help identify the pivotal forces on climate topics.

European Climate Law

60% carbon emissions reduction by 2030

The debate on emission targets at the EU level further demonstrates the active role of MEPs in pushing for a faster climate transition. This is illustrated by the row between the two legislative institutions over climate targets: while the Council settled on a 55% Greenhouse Gas Emissions (GHG) reduction goal by 2030, the European Parliament is pressing for an objective of 60%. Yet, this initiative was approved by only a narrow majority of MEPs, revealing clear divisions in the European Parliament itself. The lack of support by the EPP for the 60% target provides the EP negotiators with a weak mandate to reach an agreement with the Council on the EU climate approach.

Visual 1: Achieving 60% carbon emissions reduction by 2030 (breakdown by political group)



European Climate Law Vote: Achieving 60% carbon emissions reduction by 2030

Overall outcome of the vote: proposal was approved (51% in favour, 47% against, 3% abstained)

Note: you can find an interactive version of this map by clicking on the following link.

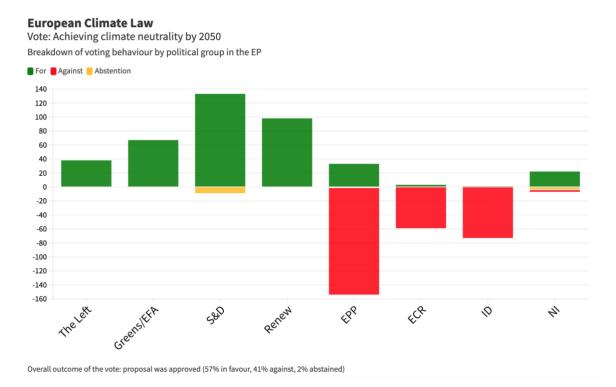
Voting behaviour reflects the general trends found in the European Parliament when it comes to climate issues, as the general dynamics fit the description of a left-right divide. Renew Europe is pivotal in helping S&D, Greens/EFA and The Left reach a majority, although the centrist group has to deal with some internal divisions. Amongst others, German MEPs from FDP and Dutch members from VVD are against the initiative to raise the 2030 Greenhouse Gas Emissions targets to 60%.

While most EPP parties, including the German leadership, are against further increasing the 2030 targets, a few "green-minded" members of the EPP helped to swing the outcome of the vote in favour of the centre-left coalition. Among them, we also find some Polish, Slovak and Czech MEPs. Notably, these MEPs are all from parties currently in opposition in their countries, which could provide them with stronger incentives to challenge the more critical approach of their governments.

Climate neutrality by 2050

One initiative that was received with slightly bigger support in the European Parliament concerns reaching climate neutrality by 2050, as shown in the above full breakdown of the vote. While the general pattern remains the same (left vs. right, with Renew Europe siding with the left), Renew Europe is remarkably more united in this case.

Visual 2: Achieving climate neutrality by 2050 (Breakdown by political group)



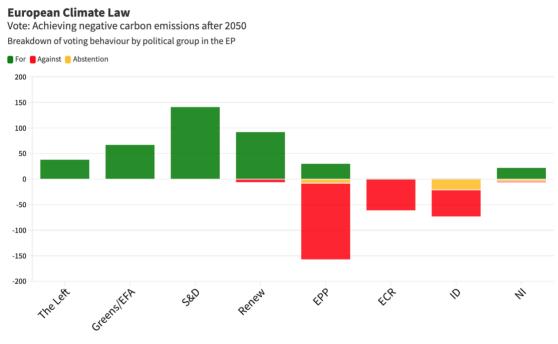
Note: you can find an interactive version of this map by clicking on the following link.

We also observe higher support from individual EPP national delegations compared to the 2030 targets, although the biggest members, such as German CDU/CSU, are clearly against it. Interestingly, in addition to the Nordics and Irish MEPs (among others), French MEPs from the EPP support the initiative to reduce net emissions to zero by 2050. This leaves Rassemblement National as the only French party opposing the proposal.

Negative carbon emissions after 2050

Another insightful vote concerns the proposal to achieve negative emissions after 2050. As shown in the below graph, the general trends follow a similar pattern as in the previous cases, with a 'classical' left-right divide. Also in this case, the initiative passed thanks to the support of a coalition made up of Renew Europe, S&D, Greens/EFA, The Left, as well as a few "green-minded" members of the EPP.

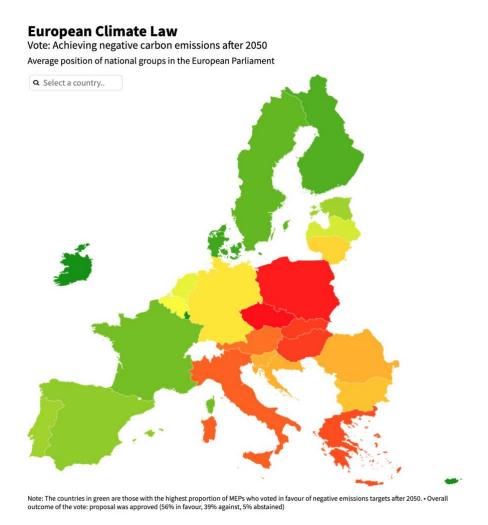
Visual 3: Achieving negative carbon emissions after 2050 (Breakdown by political group)



Overall outcome of the vote: proposal was approved (56% in favour, 39% against, 5% abstained)

Interestingly, none of the French MEPs opposed this proposal, as even Rassemblement National decided to abstain, while all other French parties voted in favour of negative carbon emissions after 2050. This is in stark contrast with the behaviour of German MEPs, as almost half of them opposed this proposal, while the majority of Italian MEPs voted against the proposal. More information on the geographical cleavages can be found by clicking on the map below:

Visual 4: Achieving negative carbon emissions after 2050 (Average position of national groups)



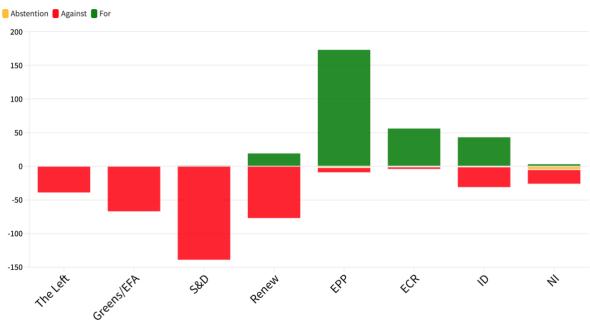
Note: you can find an interactive version of this map by clicking on the following <u>link</u>.

Deforestation

Certification schemes and mandatory due diligence on deforestation

A narrow majority of MEPs support the idea that certification schemes and labels are not enough to prevent forest and ecosystem-risk commodities and products from entering the Union internal market. Therefore, they call for mandatory due diligence mechanisms for the operators importing products or commodities that are considered to cause deforestation. As binding due diligence would undeniably add further requirements for companies, it is not surprising that EPP, ECR and ID would prefer EU-recognised certification schemes alone. However, this approach is short of a majority, in part due to the pivotal role of the Renew Europe group, which in this case joins a progressive coalition made up of S&D, Greens/EFA and The Left.

Visual 5: EU-recognised certification schemes to be enough to deal with forest-risk products and commodities (breakdown by political group)



Deforestation

Vote: EU-recognised certification schemes to be enough to deal with forest-risk products and commodities

Overall outcome of the vote: proposal was rejected (43% in favour, 56% against, 1% abstained)

Note: you can find an interactive version of this map by clicking on the following <u>link</u>.

As shown in the above graph, the general dynamics of this vote follow a left/right divide, with Renew taking a pro-regulatory stance on this proposal (which is not always the case, as the following votes on deforestation illustrate). French MEPs seem to agree that mandatory due diligence should be maintained alongside certification schemes and labels on deforestation, with the only exception of Les Républicains. Conversely, only half of German MEPs (mainly Greens and Social-Democrats) is in favour of mandatory due diligence on deforestation.

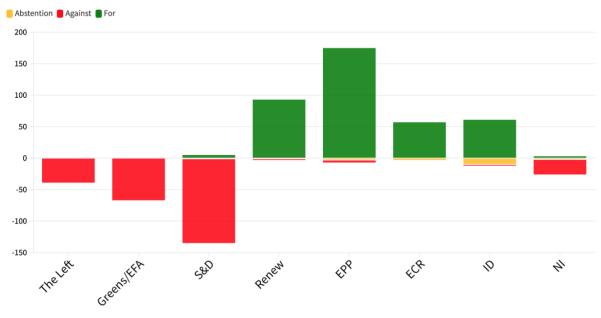
Monetary penalties for non-compliance with due-diligence obligations

When it comes to the enforcement of the EU's framework on deforestation, we observe strong political divisions amongst MEPs. While The Left, S&D and Greens/EFA are united in calling for monetary penalties for those falling foul of their due-diligence obligations concerning damage to forests and ecosystems, a larger group of MEPs prefer non-monetary penalties. As shown in the graph below, political families are all strongly united on this issue (with very few exceptions in the S&D and EPP groups).

Visual 6: Considering penalties other than monetary ones for non-compliance with due-diligence obligations (breakdown by political group)

Deforestation

Vote: Considering penalties other than monetary ones for non-compliance with due-diligence obligations Breakdown of voting behaviour by political group in the EP



Overall outcome of the vote: proposal was approved (57% in favour, 40% against, 3% abstained)

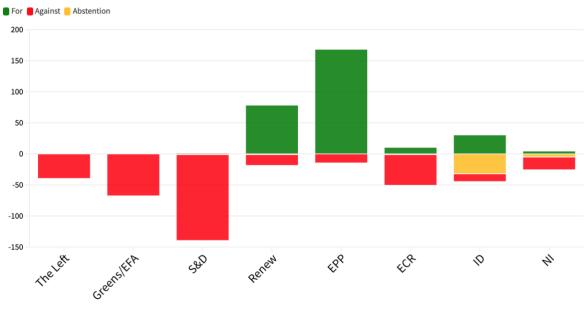
Note: you can find an interactive version of this map by clicking on the following link.

It is insightful to note that, on this proposal, Renew Europe is playing a pivotal role by siding with more conservative groups and supporting softer penalties related to deforestation. Interestingly, French MEPs from Macron's governing party, who are generally closer to the left on environmental issues, are also following the same line. From a general point of view, and given the similar views of other French delegations (Les Républicains and ID), the position of most French MEPs is in contrast with their stronger support for mandatory due diligence described above.

EU Commission to propose unifying terminology on forests

While MEPs generally acknowledge the need for a unifying terminology on forestry, such as a joint definition of sustainable forest management, they seem to disagree on who should provide such a definition. EPP and Renew broadly support the European Commission being the one to propose a unifying terminology on forests. However, this solution seems to dissatisfy both the coalition of conservative forces and Nordics, who support the definition by Forest Europe, and the progressive coalition of MEPs who have a completely opposite position. This shows that, in the current Parliamentary term, majorities are rather complex, as the increased fragmentation raises the likelihood of rejection of compromise proposals by the main political groups.

Visual 7: EU Commission to propose unifying terminology on forests (breakdown by political group)



Deforestation

Vote: EU Commission to propose unifying terminology on forests Breakdown of voting behaviour by political group in the EP

Overall outcome of the vote: proposal was rejected (42% in favour, 52% against, 6% abstained)

Note: you can find an interactive version of this map by clicking on the following link.

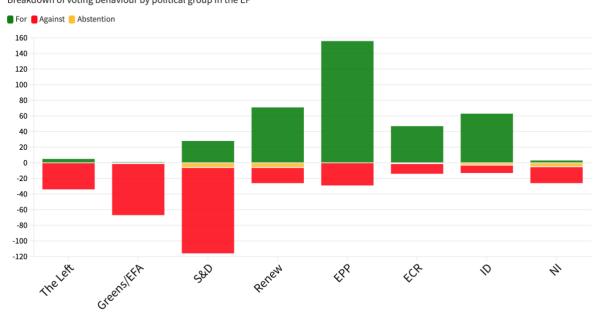
While MEPs from Sweden, Finland and Austria are almost unanimous in rejecting this compromise proposal, French MEPs tend to follow the lines of their political groups on this matter, therefore leading to a more mixed outcome.

Establishing the Just Transition Fund

Allowing funding for natural gas investments

The establishment of the Just Transition Fund by the EU is primarily aimed at providing support to territories undergoing serious climate transition-induced challenges. However, there are disagreements regarding the type of projects that should be supported by the new instrument, as more than half of the European Parliament support provisions allowing funding for natural gas projects. As shown in the below graph, a majority made up of MEPs from Renew, EPP, ECR and ID is in favour of investment activities related to gas. On the other hand, MEPs from The Left, Greens/EFA, and S&D rebuke the allocation of Just Transition funding to natural gas projects. Given that this initiative is closely intertwined with the national interests of Member States, in particular those that are more reliant on gas, we can also expect important divisions in the Council.

Visual 8: Allowing funding for natural gas investments (breakdown by political groups)



Establishing the Just Transition Fund Vote: Allowing funding for natural gas investments Breakdown of voting behaviour by political group in the EP

Overall outcome of the vote: proposal was approved (54% in favour, 43% against, and 3% abstained)

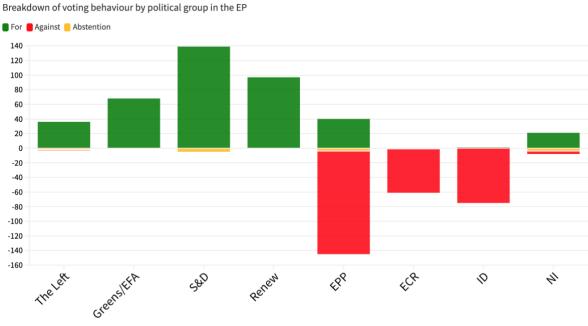
Note: you can find an interactive version of this map by clicking on the following link.

A certain geographical divide must be pointed out within S&D, where members from Bulgaria, Romania and Poland (amongst others) all support investment activities related to gas. Conversely, Swedish MEPs demonstrate a consistent opposition throughout all political groups, while French MEPs tend to be more divided, since MEPs from LREM and Rassemblement National are supportive of funding natural gas-related investments.

Transition funding to be conditional on the adoption of climate neutrality targets by 2050

More than half of MEPs believe that Member States should receive the full amount of their Just Transition Fund allocation after they commit to national targets for climate neutrality. As shown in the below graph, we observe a left/right divide amongst MEPs, with Renew Europe siding with the progressive forces on this particular proposal, and joining the majority alongside The Left, Greens/EFA and S&D.

Visual 9: Transition funding to be conditional on the adoption of climate neutrality targets by 2050 (breakdown by political groups)



Establishing the Just Transition Fund

Vote: Transition funding to be conditional on the adoption of climate neutrality targets by 2050 Breakdown of voting behaviour by political group in the EP

Note: you can find an interactive version of this map by clicking on the following link.

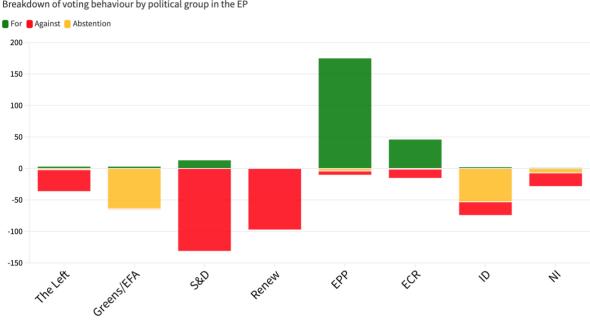
There are key divisions along national lines within the EPP, as members from mainly Western European countries, such as France, Spain, Sweden, the Netherlands, Austria, etc., are more supportive of stricter conditionality than their political group. This is also due to the fact that most of the funding is expected to go to Central and Eastern Europe: since Western countries are expected to foot the bill for the new fund, their policymakers demand a stronger control on the policies of the recipient countries. This also explains the stronger consensus among French MEPs (only Rassemblement National opposes the proposed conditionality).

Overall outcome of the vote: proposal was approved (58% in favour, 40% against, and 2% abstained)

Transition funding to focus more on coal mining territories

Debates over the Just Transition Fund also ignited divisions on whether the funds allocation should focus particularly on coal mining territories or not. It appears that most MEPs do not find the proposal aligned with the main goals of the Just Transition Fund, as those supporting the initiative (mainly from EPP and ECR) are unable to secure a majority. MEPs positions emanating from this initiative do not follow the generic trend we can observe in previous votes from the same dossier, as shown in the graph below.

Visual 10: Transition funding to focus more on coal mining territories (breakdown by political groups)



Establishing the Just Transition Fund

Vote: Transition funding to focus more on coal mining territories Breakdown of voting behaviour by political group in the EP

Overall outcome of the vote: proposal was rejected (35% in favour, 46% against, and 19% abstained)

Note: you can find an interactive version of this map by clicking on the following link.

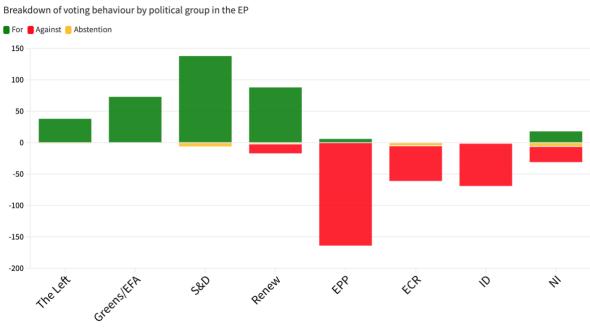
It is interesting to observe the abstention of MEPs from Greens/EFA, which is in contrast with the opposition of S&D, Renew Europe and the Left. The Greens' intermediate position might be explained due to the potential benefits for German coal regions. National dynamics are more easily observed within S&D, where Romanian members and a small part of Spanish members from PSOE are much more supportive of a special focus on coal mining territories. While Czech and Polish MEPs are rather fond of this proposal, only EPP members support it among the French.

The European Green Deal

Setting binding national targets on energy efficiency

The proposal to establish binding national targets in future energy legislation is igniting important divisions amongst MEPs, with a very narrow majority of 51% of members supporting the initiative. The breakdown of the vote, as shown below, reflects a clear left/right divide that is found on other recent climate proposals, with Renew Europe joining the left-wing forces in supporting the initiative.

Visual 11: Setting binding national targets on energy efficiency (breakdown by political group)



The European Green Deal Vote: Setting binding national targets on energy efficiency Breakdown of voting behaviour by political group in the EP

Note: you can find an interactive version of this map by clicking on the following link.

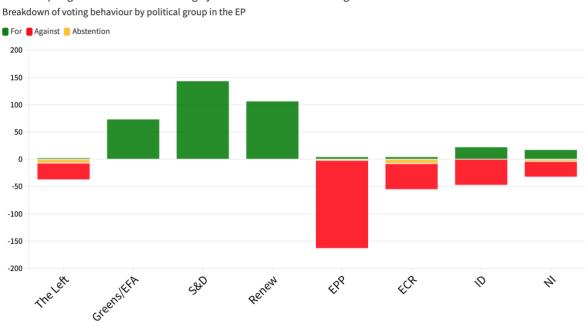
It is relevant to note that certain members of Renew Europe are showing reluctance to establish binding national targets in future energy legislation, including Czech members of the party Ano 2011 and Dutch MEPs from Rutte's party. As many of these MEPs are associated with ruling parties in their respective countries, this could point towards possible divisions in the Council, as some Governments are clearly against such targets. The support from French Renew members, however, seems to reflect that Emanuel Macron and France would be favourable to the idea of establishing binding targets in future EU energy legislation.

Overall outcome of the vote: proposal was approved (51% in favour, 46% against, 3% abstained)

Adapting the EU Emissions Trading System to the new climate targets

The proposal to change the EU Emissions Trading System (ETS) proves, once again, how contested the votes on these matters are. While some MEPs (mostly from Greens/EFA, S&D and Renew) believe changes should be made to the EU Emissions Trading System (ETS) to account for increased emission targets, they are only able to secure a narrow majority. This is in part due to the strong opposition from the Left, EPP, ECR and most of ID to an "upgrade" of the EU Emissions Trading System.

Visual 12: Adapting the EU Emissions Trading System to the new climate targets (breakdown by political group)



The European Green Deal

Vote: Adapting the EU Emissions Trading System to the new climate targets Breakdown of voting behaviour by political group in the EP

Note: you can find an interactive version of this map by clicking on the following link.

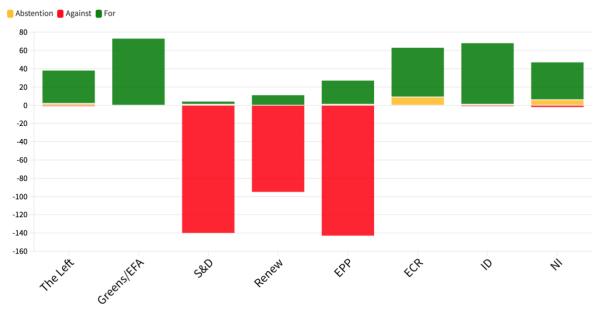
It is rather striking that, in this case, The Left did not support Greens/EFA and S&D, contrary to what usually happens on climate initiatives. The position of The Left could nevertheless be explained when taking into account their negative views of the Emissions Trading System as relying on market mechanisms, while some of the conservative forces are critical of ETS for the opposite reasons (they perceive it as harming competitiveness). This also explains unusual national coalitions, such as France Insoumise and Les Républicains both opposing an "upgrade" of ETS, while the other French parties are on the opposite side.

Overall outcome of the vote: proposal was approved (53% in favour, 44% against, 3% abstained)

Road transport and buildings to stay out of Emissions Trading System

Another controversial initiative is related to whether or not the EU Emissions Trading System (ETS) should be extended to road transport and buildings. It is rather insightful to observe the majority formed by S&D, Renew Europe and EPP, which is unusual on climate policies. These MEPs are supportive of including road transport and buildings in the EU Emissions Trading System. As shown by the graph below, the divide amongst MEPs seems to pitch the political families in the centre of the policy spectrum against the more "radical" factions who are critical of extending ETS for completely opposite reasons. In fact, while ECR and ID find this scheme to be too burdensome for businesses, the Greens and the Left believe ETS is too soft a system to regulate the emissions of these sectors, thus advocating for alternatives to market-driven approaches.

Visual 13: Road transport and buildings to stay out of Emissions Trading System (breakdown by political group)



The European Green Deal Vote: Road transport and buildings to stay out of Emissions Trading System

Breakdown of voting behaviour by political group in the EP

Overall outcome of the vote: proposal was rejected (44% in favour, 54% against, 2% abstained)

Another important trend concerns geographical divisions amongst MEPs, especially within EPP, where the Romanian and Polish delegations are against the EU Emissions Trading System (ETS) being extended to road transport and buildings. While Polish and Czech MEPs are highly opposed to the extension, other delegations, such as the French one, are more divided. Parti Socialiste, LREM and les Républicains support the extension, while Europe Écologie, France Insoumise and Rassemblement National oppose it.

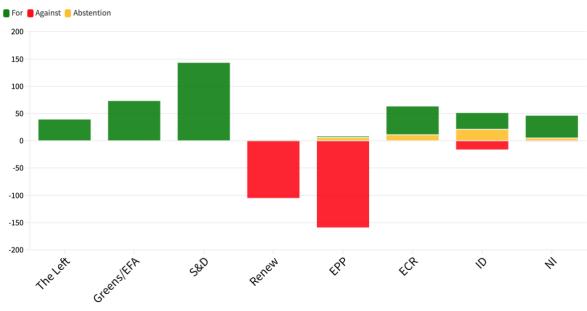
Visual 14: Road transport and buildings to stay out of Emissions Trading System (average position of national groups)



Excluding the set-up of parallel systems for road transport emissions

MEPs who are critical of including road transport and buildings in the EU Emissions Trading System (ETS) are also against the setting up of any kind of parallel schemes that, in their view, could weaken either existing regulatory standards or create additional burdens. Indeed, this vote follows a similar pattern than the aforementioned vote on the scope of the EU Emissions Trading System (ETS), as political groups from the centre of the political spectrum are up against less mainstream groups. However, in this case S&D is siding with The Left and Greens (amongst others), in rejecting parallel schemes for the transport sector, therefore leaving EPP and Renew Europe on the minority side.

Visual 15: Excluding the set-up of parallel systems for road transport emissions (Breakdown by political group)



The European Green Deal

Vote: Excluding the set up of parallel systems for road transport emissions Breakdown of voting behaviour by political group in the EP

Overall outcome of the vote: proposal was approved (54% in favour, 40% against, 6% abstained)

EU Carbon Border Adjustment Mechanism

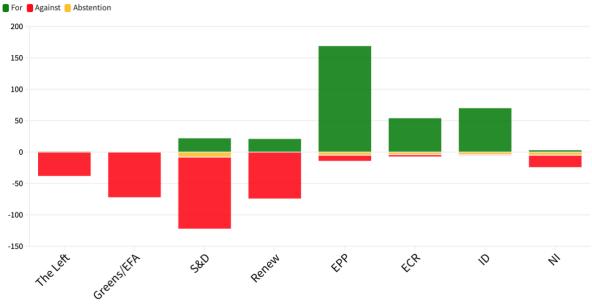
Preserving existing measures on carbon leakage

While the European Parliament continues to rally behind the idea of a Carbon Border Adjustment Mechanism (CBAM), a deeper analysis of individual voting behaviour reveals important political divisions.

The main controversial issue relates to whether the mechanism should constitute an alternative to existing measures on carbon leakage in sectors covered by the Emissions Trading System (ETS). As existing measures would notably include maintaining free emission allowances for carbon-intensive industries (such as the steel, chemicals and cement sectors, among others), the environmentalist forces are concerned the preservation of these measures would lead to double compensation for these sectors, thus watering down the environmental aim of the new mechanism.

Similarly to the general patterns on climate votes, in this case Renew Europe sided with the centreto-the-left forces (S&D, Greens/EFA, the Left), thus backing the elimination of existing measures on carbon leakage. However, the coalition supporting the preservation of existing measures narrowly has the upper hand, mainly due to the divisions within the ranks of Renew Europe and S&D.

Visual 16: Preserving existing measures on carbon leakage (breakdown by political group)



Carbon Border Adjustment Mechanism (CBAM)

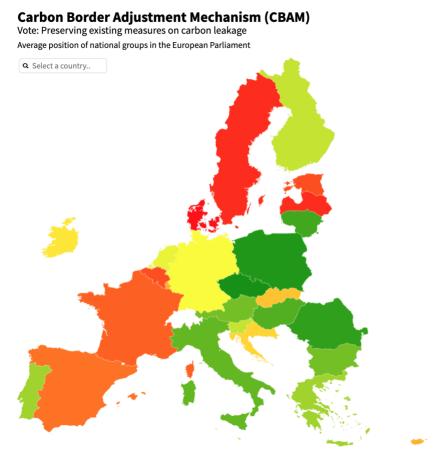
Vote: Preserving existing measures on carbon leakage

Breakdown of voting behaviour by political group in the EP

 $Overall \ outcome \ of \ the \ vote: \ proposal \ was \ approved \ (49\% \ in \ favour, 47\% \ against, 4\% \ abstained)$

Whereas within S&D, the main supporters of preserving carbon leakage measures are found in the Polish, Romanian and Portuguese delegations, when it comes to Renew Europe, the Czech, German and Dutch (from Rutte's party) MEPs are the most favourable to such approach. In this case, most French MEPs sided with the centre-to-the-left forces, as all French parties would like the new CBAM to replace existing measures, with the exception of French Rassemblement National.

Visual 17: Preserving existing measures on carbon leakage (average position of national groups)



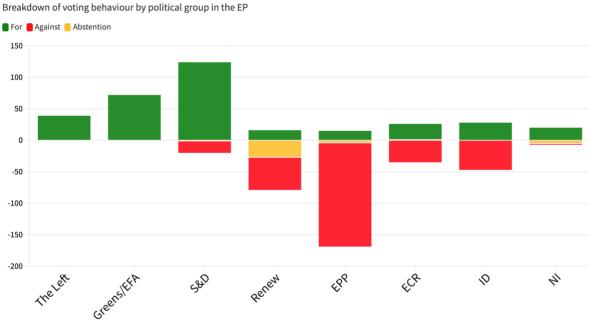
Note: The countries in green are those with the highest proportion of MEPs who voted in favour of preserving existing measures on carbon leakage

Pricing the carbon embedded in logged wood and depleted soil

In addition to the main debate on the elimination of free-allowances, MEPs also voted on more specific issues related to the proposed CBAM. In some of these cases, the outcome is slightly different, such as on the treatment of wood burning.

While the EU Emissions Trading Scheme treats burning wood as carbon neutral, a tight majority of MEPs is calling for a wider carbon border adjustment mechanism which would account for the carbon embedded in logged wood. The supporters of this proposal can count on a narrow majority, mainly due to the divisions among the opposing centre-right coalition (Renew, EPP, ECR and ID). As with the vote above, internal divisions within Renew Europe undermine the pivotal role of the group in forming majorities in the EP, as most centrist MEPs end up on the minority side. Among the supporters of pricing the carbon embedded in logged wood, we find Romanian and Slovak MEPs from Renew Europe.

Visual 17: Pricing the carbon embedded in logged wood and depleted soil (breakdown by political group)



Carbon Border Adjustment Mechanism (CBAM)

Vote: Pricing the carbon embedded in logged wood and depleted soil

Overall outcome of the vote: proposal was approved (49% in favour, 46% against, 5% abstained)

For the time being, French MEPs from Macron's governing party are abstaining, which reflects the "greener" stance of French Renew MEPs on climate issues compared to most of their group's colleagues. The map below provides an overview of the average national positions of MEPs.

Visual 18: Pricing the carbon embedded in logged wood and depleted soil (Average position of national groups)

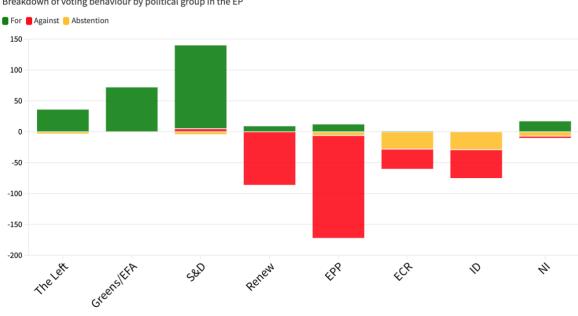


Note: The countries in green are those with the highest proportion of MEPs who voted in favour of rejecting the inclusion of burning wood for fuel as carbon neutral in the Carbon Border Adjustment Mechanism

Removing existing subsidies granted to energy-intensive industries

Finally, another disputed issue relates to the elimination of subsidies for energy-intensive industries. The Left, Greens/EFA and S&D seem rather concerned that tax exemptions and breaks on energy used by energy-intensive industries would contradict the objectives of the Carbon Border Adjustment Mechanism. Still, at this point in time they are unable to secure a majority in favour of removing subsidies granted to these sectors, as they face a coalition made up by Renew Europe, EPP, ECR and ID.

Visual 19: Removing existing subsidies granted to energy-intensive industries (breakdown by political group)



Carbon Border Adjustment Mechanism (CBAM)

Vote: Removing existing subsidies granted to energy-intensive industries

Overall outcome of the vote: proposal was rejected (40% in favour, 48% against, 11% abstained)

Note: you can find an interactive version of this map by clicking on the following link.

Interestingly, this encompasses several delegations belonging to ruling national parties, including, amongst others, the French members of the Renew group, which would point towards this initiative being negatively received in the Council as well. Among the French, support for removing subsidies to energy-intensive industries is mainly observed among MEPs from the Socialists, Europe Écologie and France Insoumise.

Breakdown of voting behaviour by political group in the EP