



# Implementing the Carbon Border Adjustment Mechanism (CBAM)

14<sup>th</sup> EU ETS Compliance Conference

Brussels, 22 November 2023

European Commission / DG TAXUD / C2 Unit

# How does CBAM work?

Mirror EU **carbon pricing** for imports into EU to address the risk of carbon leakage

Addressed to companies, not countries, based on **actual embedded emissions** of imported goods



Aligned with **EU's international policies** and **legal commitments**, including WTO compatibility

Focus on **carbon-intensive sectors**

Takes into account **carbon price effectively paid by third-country operator**

# What are the sectors in scope?



**CEMENT**



**IRON & STEEL**



**ALUMINIUM**



**FERTILISER**



**ELECTRICITY**



**HYDROGEN**

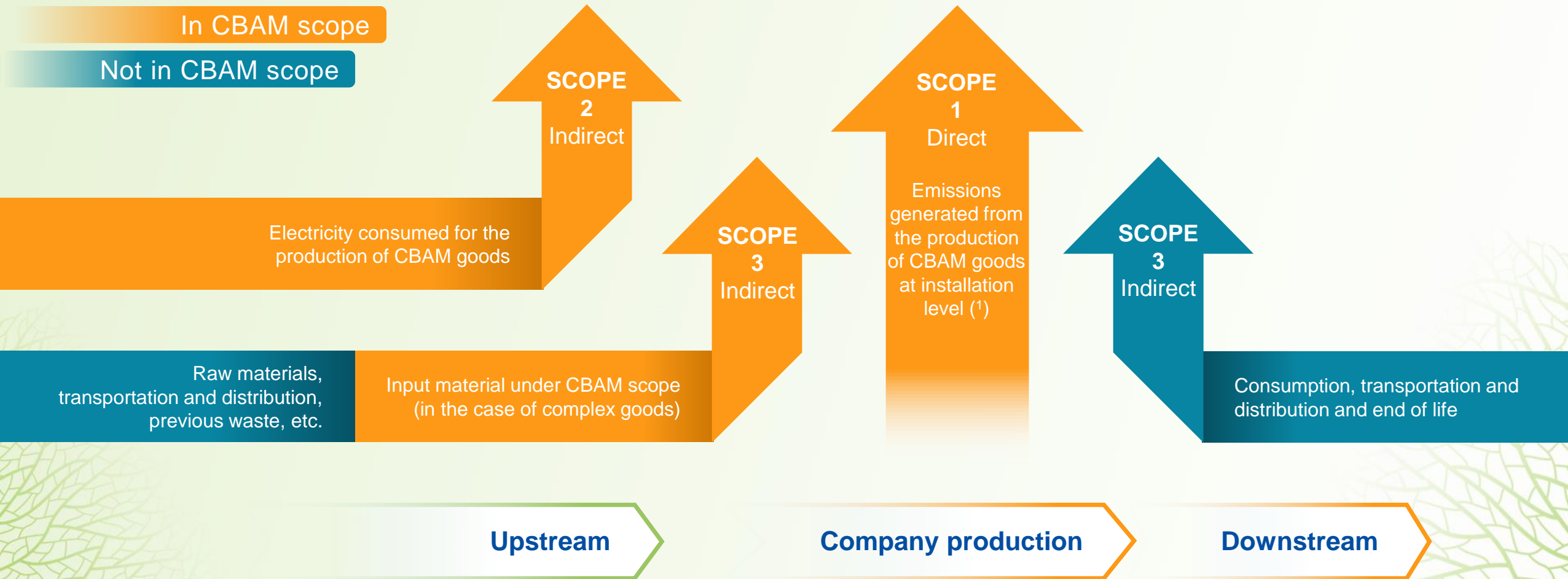
**Selected on the basis of 3 criteria:**

- ✓ *High risk of carbon leakage (high carbon emissions; high level of trade)*
- ✓ *Covering large share of greenhouse gas emissions of EU ETS sectors*
- ✓ *Practical feasibility*

**Exclusions** (under 150 € / countries linked with the EU ETS)

- In the future, scope may be extended to a limited list of ETS sectors at risk of carbon leakage (such as refineries and chemicals), provided that such an extension is justified based on selected criteria

# What is the scope for emissions during the transitional period?



(1) Direct emissions include emissions from the production of heating and cooling, even if that production takes place outside the installation.

# Gradual implementation of CBAM

**Transitional period**  
October 2023 - December 2025

**Post-transitional period**  
January 2026 onwards

2023

2024

2025

2026

**Monitoring and reporting**  
(Implementing Regulation (EU) 2023/1773)

## Review 2025

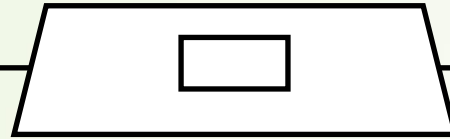
- Assessment feasibility / proportionality of scope extension post 2026, including to
  - a limited set of EU ETS sectors at risk of carbon leakage (e.g. refineries, chemicals);
  - a selected number of downstream products which contain a high share of basic CBAM goods;
  - indirect emissions
- Impact on LDCs
- Progress in international climate discussions

Start of **gradual phase-in of CBAM**/phase-out of free ETS allocation

# Objectives of the transitional period

- The transitional period is a **learning phase** for all:
  - Understanding respective roles and tasks
  - Collection of information
  - Facilitate smooth roll-out of the mechanism after the 2025
- The information collected will allow the European Commission to further specify and finalise the methodology and find synergies with existing monitoring schemes
- **The information collected will feed into the review of the mechanism by 2025** and provide further clarity of the functioning
- **Reporting flexibilities** reflect the above and aim to introduce openness and balancing a smooth introduction with information needs

# Tasks for the transitional period



- ✓ Management of the CBAM Transitional Registry
- ✓ Checks of quarterly CBAM reports and potential follow-up
- ✓ Adoption of secondary legislation for the definitive period starting in 2026, e.g.:
  - ✓ authorisation, CBAM registry, monitoring/reporting/verification, CBAM adjustment for carbon price paid and free allocation
- ✓ Setting-up of the platform for the sale and repurchase of CBAM allowances
- ✓ Review of the CBAM legislation, e.g.
  - ✓ sectors covered, emissions covered, international trade, LDCs, etc.
- ✓ Assessment of carbon leakage risk for exports
- ✓ Legislative proposal, where appropriate

## How to submit a report?

### Who is responsible for the reporting?

- The reporting declarant
- **Same as the authorised CBAM declarant but no authorisation needed yet**

### How to submit a report?

- **Gain access to the CBAM transitional registry** – request log-in via portal
- Fill out **mandatory fields** in the registry
- Indicate if reporting is **by importer or on behalf of an importer**
- Submit the report **no later than 1 month after the quarter**

### Is there flexibility for the submission?

- **Yes** – A report can be modified **2 months after the reported quarter**
- For the first two CBAM reports (due Jan and April 2024) modification is accepted until **July 2024** (deadline of third report)
- After the deadlines, possibility to request reopening for correction



## What to submit?

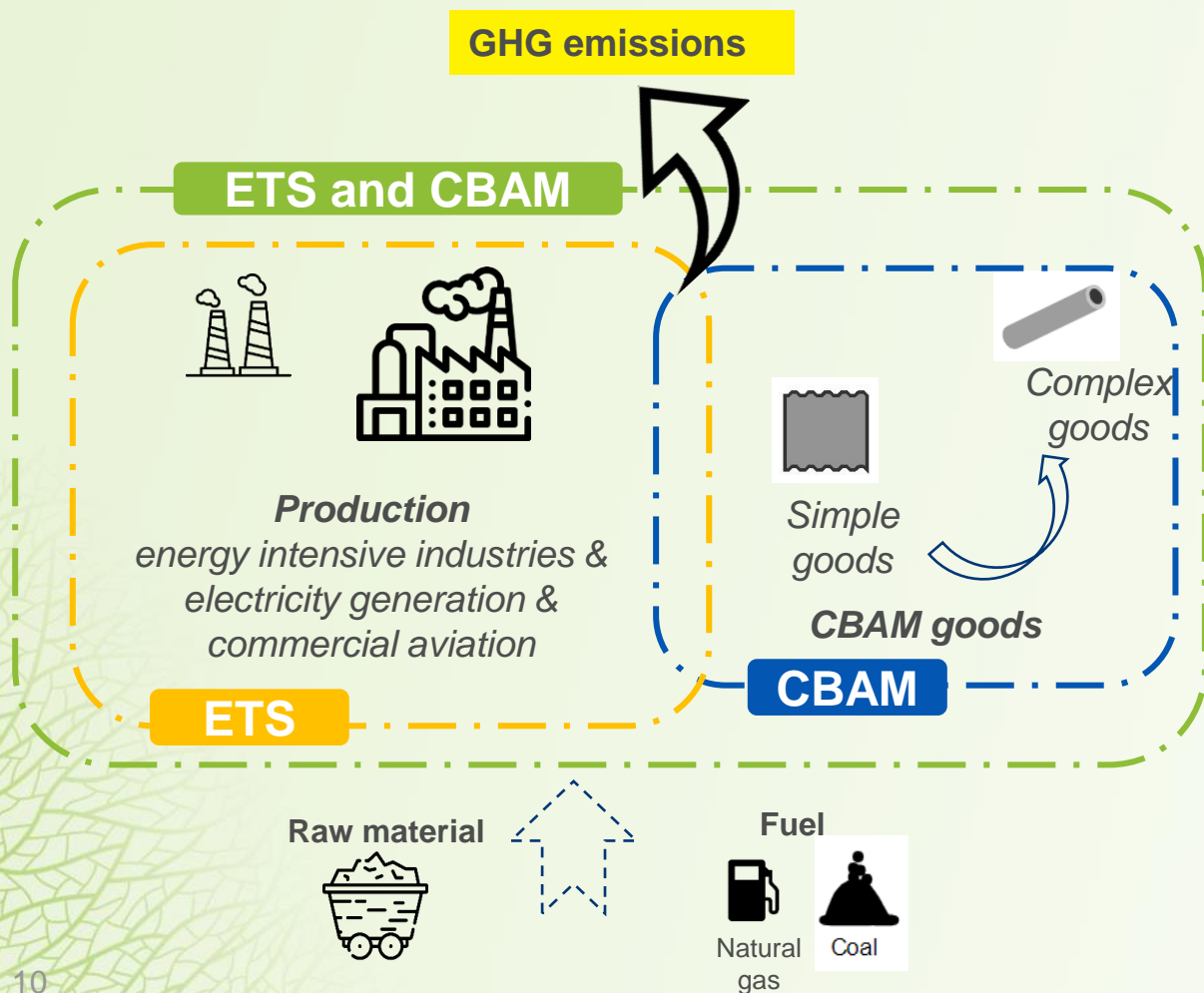
### Role of third-country operators of installations

- **Monitor and collect data** on embedded emissions – Possibility to use templates and guidance docs provided by the Commission
- **Communicate** data to reporting declarants – Possibility to use templates provided by the Commission
- Is verification needed: **Not yet!**

### What information is necessary to be communicated for the reporting

- **Information on the goods:** Quantity / Type identified by CN code (8-DIGIT) / Country of origin
- **Info on the installation:** Company name / Address / Location / Geo coordinates
- **Info on the production:** Routes / Parameters
- **Information on embedded emissions:** Specific direct and indirect
- **Information on carbon price paid** at production country (also for precursors)

# CBAM methodology: from installation to goods

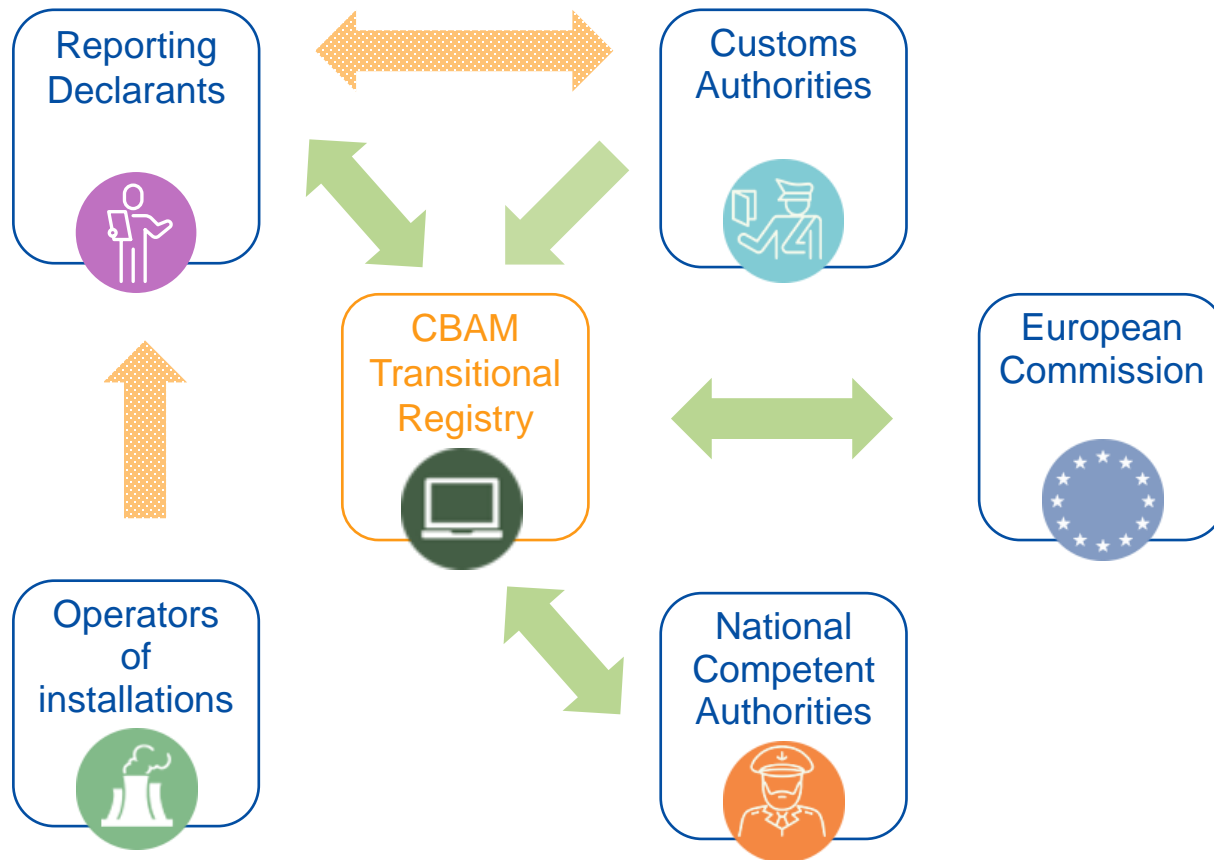


- **Scope of the EU ETS is based on installations**
- **Scope of the CBAM is based on goods**
- **CBAM methodology will translate methods to determine emissions from installations' to goods' levels**
- **Means setting rules to narrow the system boundaries from production sites down to the level of goods**

# Flexibilities for the calculation of embedded emissions

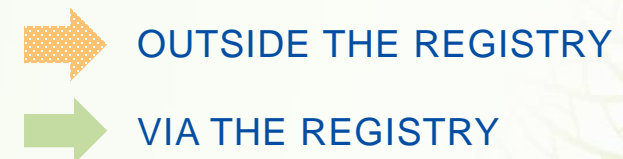
- Until 31 July 2024, for each import of goods for which the reporting declarant does not have all the information listed in Article 3(2), the reporting declarant may use **other referenced methods for determining the emissions, including default values**
- Until 31 December 2024, **other monitoring and reporting methods may be used, if they lead to similar coverage and accuracy**. They could be based on:
  - a carbon pricing scheme where the installation is located, or
  - a compulsory emission monitoring scheme where the installation is located, or
  - an emission monitoring scheme at the installation which can include verification by an accredited verifier
- Without time limit, use of **estimations for up to 20% of the total embedded emissions of complex goods**

# What is the CBAM Transitional Registry? (1/2)



## Key highlights

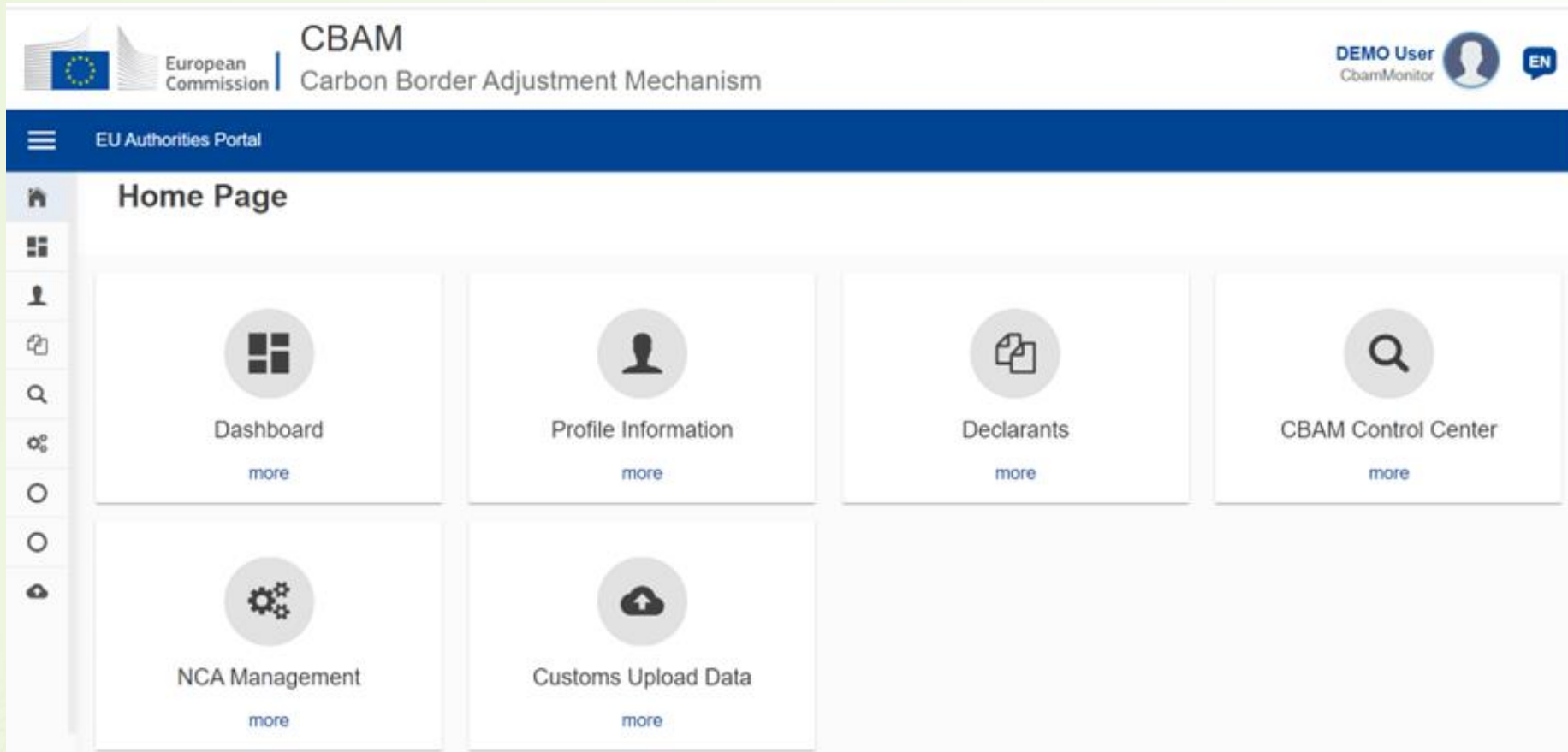
- Single platform to create synergies
- Tool to perform CBAM-related tasks
- Secured platform to ensure confidentiality of information



# What is the CBAM Transitional Registry? (2/2)

**Conformance environment:** <https://conformance.cbam.ec.europa.eu/nca>

**Production environment:** <https://cbam.ec.europa.eu/nca>

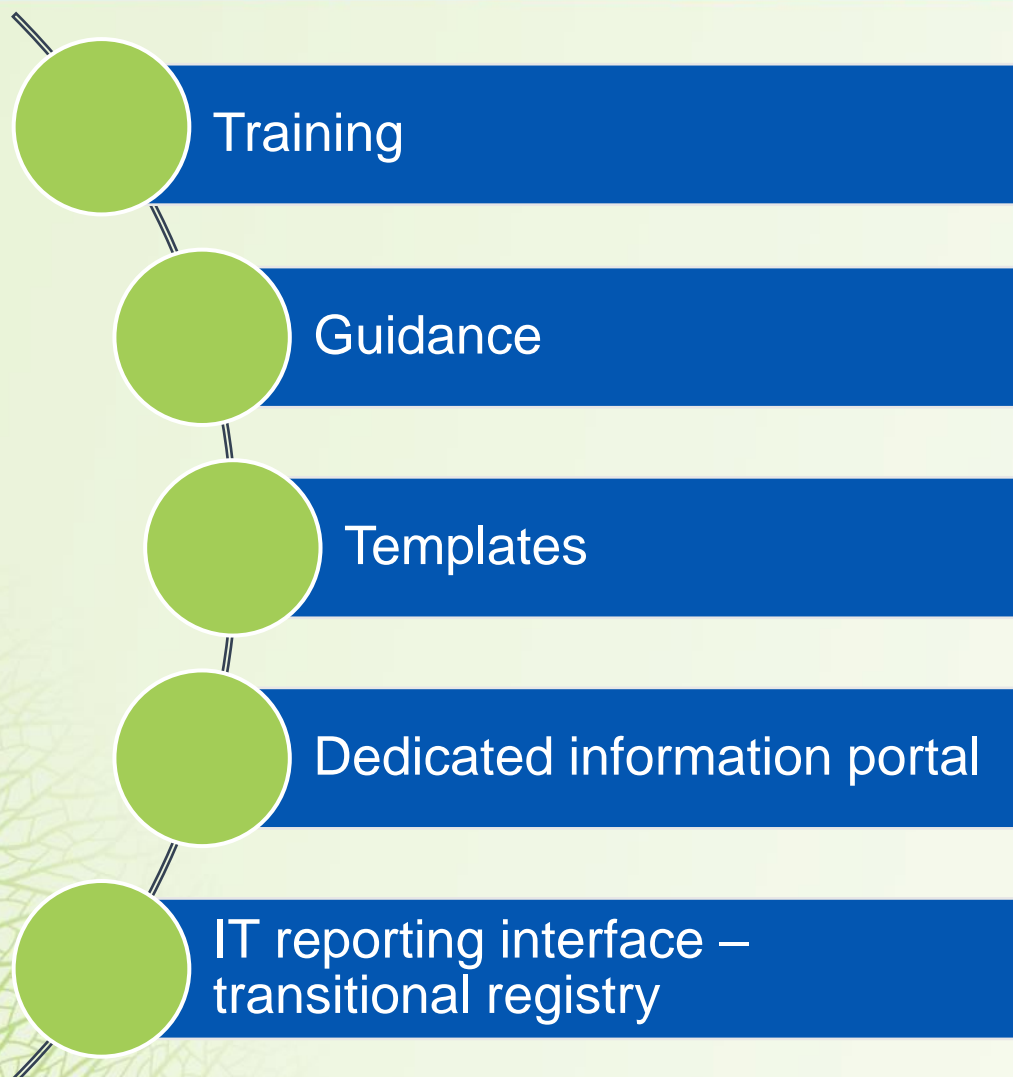


The screenshot displays the 'EU Authorities Portal' for the 'CBAM Carbon Border Adjustment Mechanism'. The page is titled 'Home Page' and features a navigation sidebar on the left with icons for home, grid, user, search, and settings. The main content area contains six interactive tiles, each with an icon, a title, and a 'more' link:

- Dashboard** (grid icon)
- Profile Information** (person icon)
- Declarants** (document icon)
- CBAM Control Center** (magnifying glass icon)
- NCA Management** (gears icon)
- Customs Upload Data** (upload icon)

The top right of the page shows the user is logged in as 'DEMO User CbamMonitor' with a language selector set to 'EN'.

# Guidance and support by the Commission



- **E-learning (General and sector-specific)**
- **Webinars (General and sector-specific)**

## **Tailored guidance documents for:**

- **Producers in third countries**
- **Reporting declarants**

**Excel-based template to facilitate data collection and information exchange**

**Launch of dedicated Commission website with all information, Q&A and “how to find” guidance**

- **Dedicated IT interface for reporting of information**
- **Detailed guidance for users**

## Where to find further information on CBAM?

Visit the CBAM webpage regularly – our one-stop shop

[https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism\\_en](https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en)

- Link to the CBAM Transitional Registry
- Provisional list of national competent authorities
- Registry user manual for declarants
- Sectoral factsheets for importers
- 2 guidance documents and communication template between importers and operators
- Links to recordings of webinars through the Customs and Tax EU Learning portal
- Link to our E-learning materials through the Customs and Tax EU Learning portal
- Q&A and factsheet

# The Carbon Border Adjustment Mechanism

**Thank you for your attention!**

**If you have any questions, please contact us:**

**[TAXUD-CBAM@ec.europa.eu](mailto:TAXUD-CBAM@ec.europa.eu)**