



# CARBON BORDER ADJUSTMENT MECHANISM

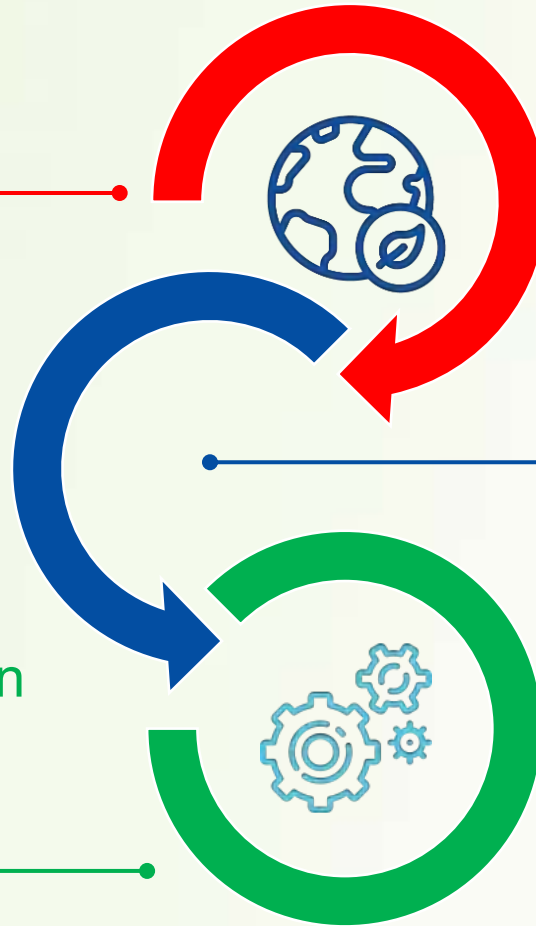
*European Business Organisation Worldwide Network*

*Xavier Vanden Bosch & Michael Klinkenberg,  
CBAM, Energy and Green taxation, DG TAXUD C.2  
Brussels, 06 June 2024*

# What is the aim of the Carbon Border Adjustment Mechanism?

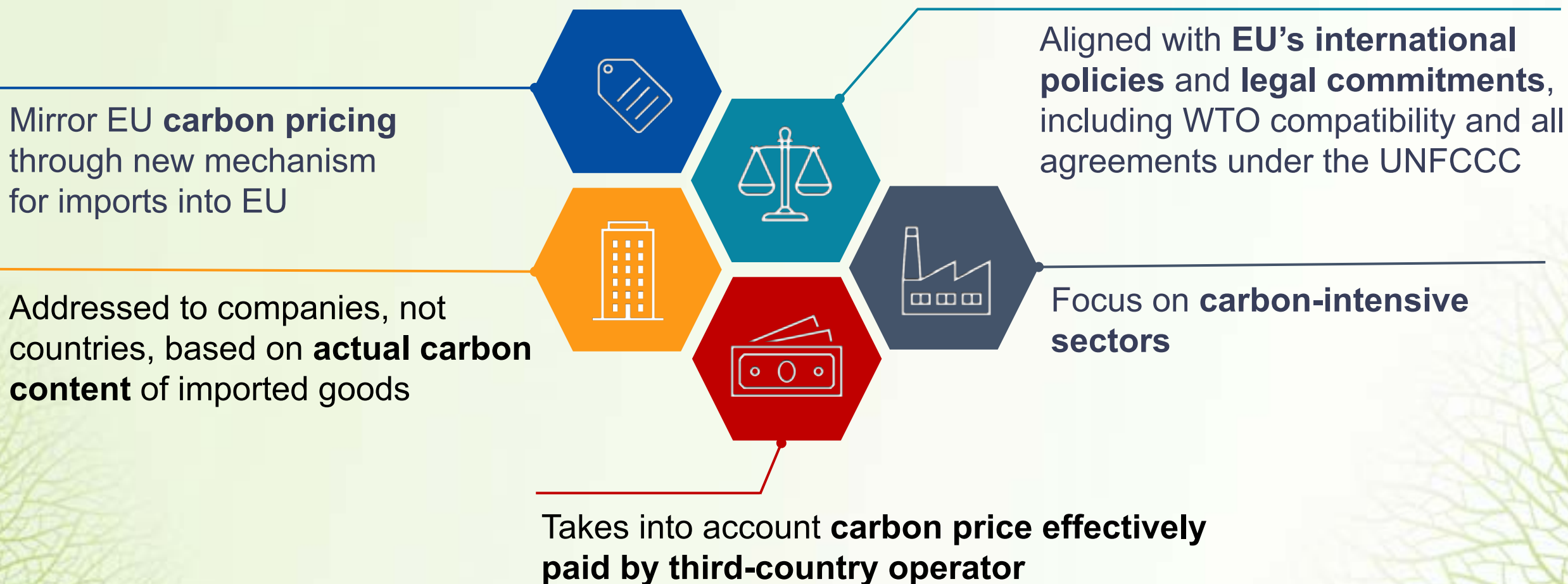
**Prevents carbon leakage**  
to ensure effectiveness of  
EU climate policy

Contributes to decarbonisation  
globally and to reaching EU  
climate neutrality by 2050



Complements and  
reinforces the EU ETS

# Main CBAM design features



# What are the sectors in scope?



**IRON & STEEL**



**ALUMINIUM**



**CEMENT**



**FERTILISER**



**HYDROGEN**



**ELECTRICITY**

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

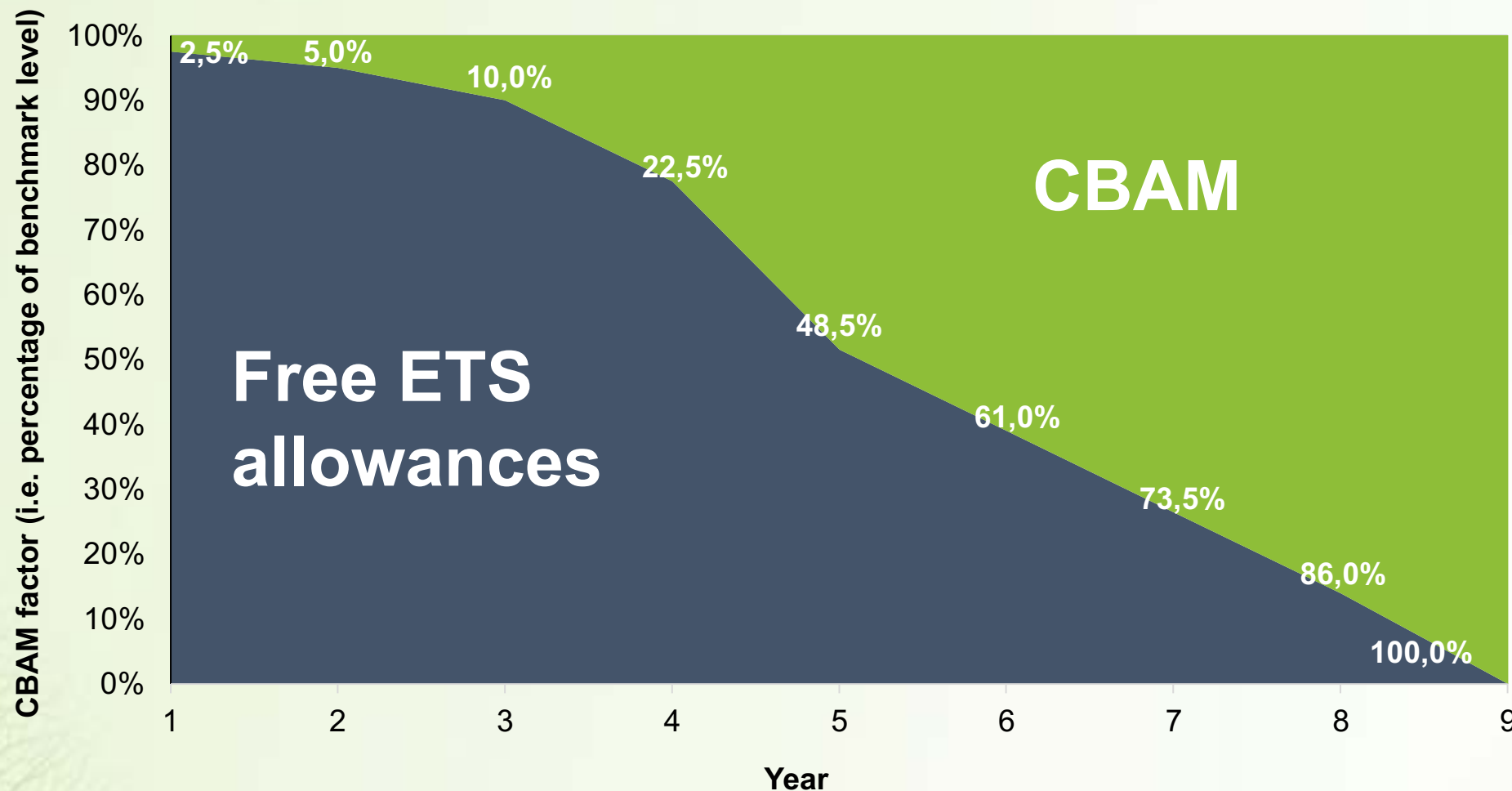
- ✓ *High risk of carbon leakage (high carbon emissions; high level of trade)*
- ✓ *Covering large share of greenhouse gas emissions of EU ETS sectors*
- ✓ *Practical feasibility*

☐ **Exclusions** (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 refined petroleum products and organic chemicals), provided that such an extension is justified based on selected criteria



# Phasing-out of free allocation and phasing-in of CBAM



# 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**

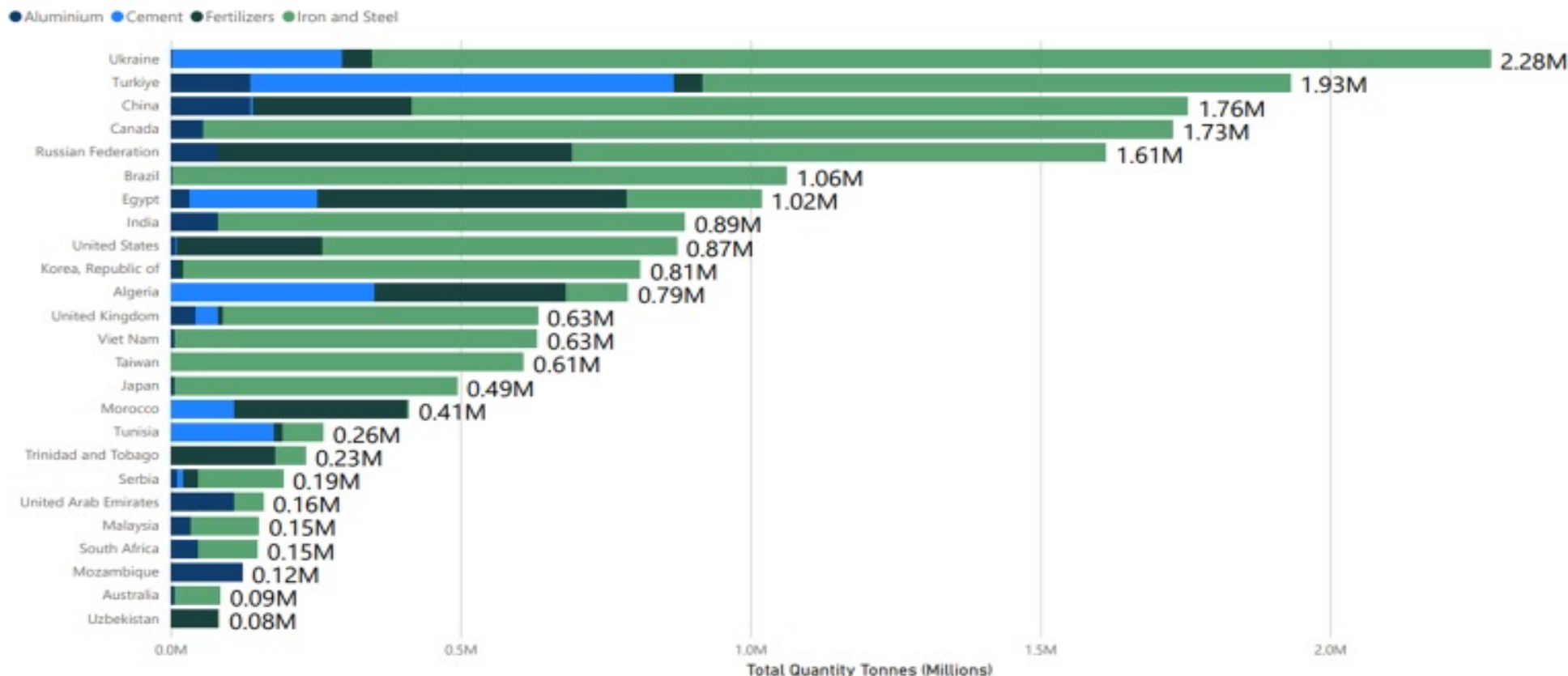
- Assessment feasibility / proportionality of scope extension post 2026, including to
  - a limited set of EU ETS sectors at risk of carbon leakage (e.g. refineries/ chemicals);
  - a selected number of downstream products which contain a high share of basic CBAM goods;
  - indirect emissions
- Impact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

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

# Top exporters of CBAM goods to the EU

## Top 25 Countries by Total Quantity declared

(of portrayed CBAM goods, as of 29-02-2024)



Source: Submitted Reports via the Transitional CBAM Registry (by 29-02-2024). **DISCLAIMER: DATA PRESENTED IS PRELIMINARY AND SUBJECT TO MODIFICATION.**

# International cooperation and support



EU is actively engaged in **international cooperation initiatives** and invites all countries to participate (e.g.OECD's Inclusive Forum for Climate Mitigation Approaches, Climate Club)



**Bilateral engagement with partner countries:** EU is one the biggest contributors to climate financing in developing countries and stands ready to provide targeted support for accelerating decarbonisation, facilitating the adaptation to the CBAM and developing carbon pricing instruments.



**Engagement with third country exporters** in dedicated events, next to support made available online (training, guidance, Q&A,...)



# The Carbon Border Adjustment Mechanism

## The Transitional Period (2023-2025)

# Objectives of the CBAM transitional period

■ **The transitional period is a **learning** phase for all:**

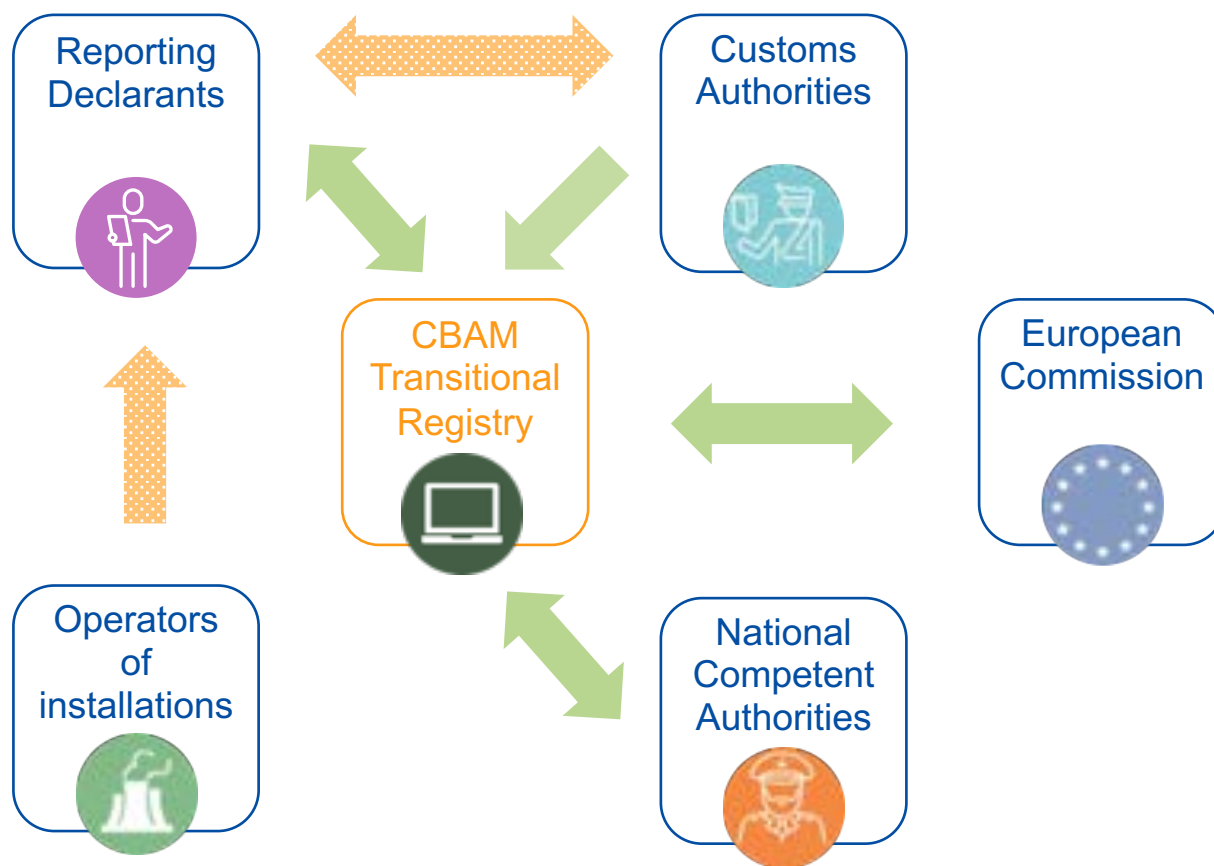
- Understanding respective roles and tasks
- Collection of information
- Facilitate smooth roll-out of the mechanism after the transitional period

■ 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 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

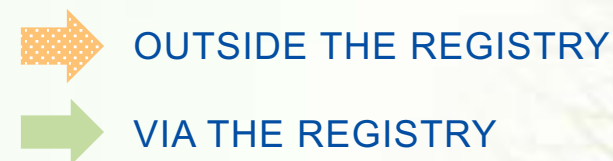
# The CBAM Transitional Registry



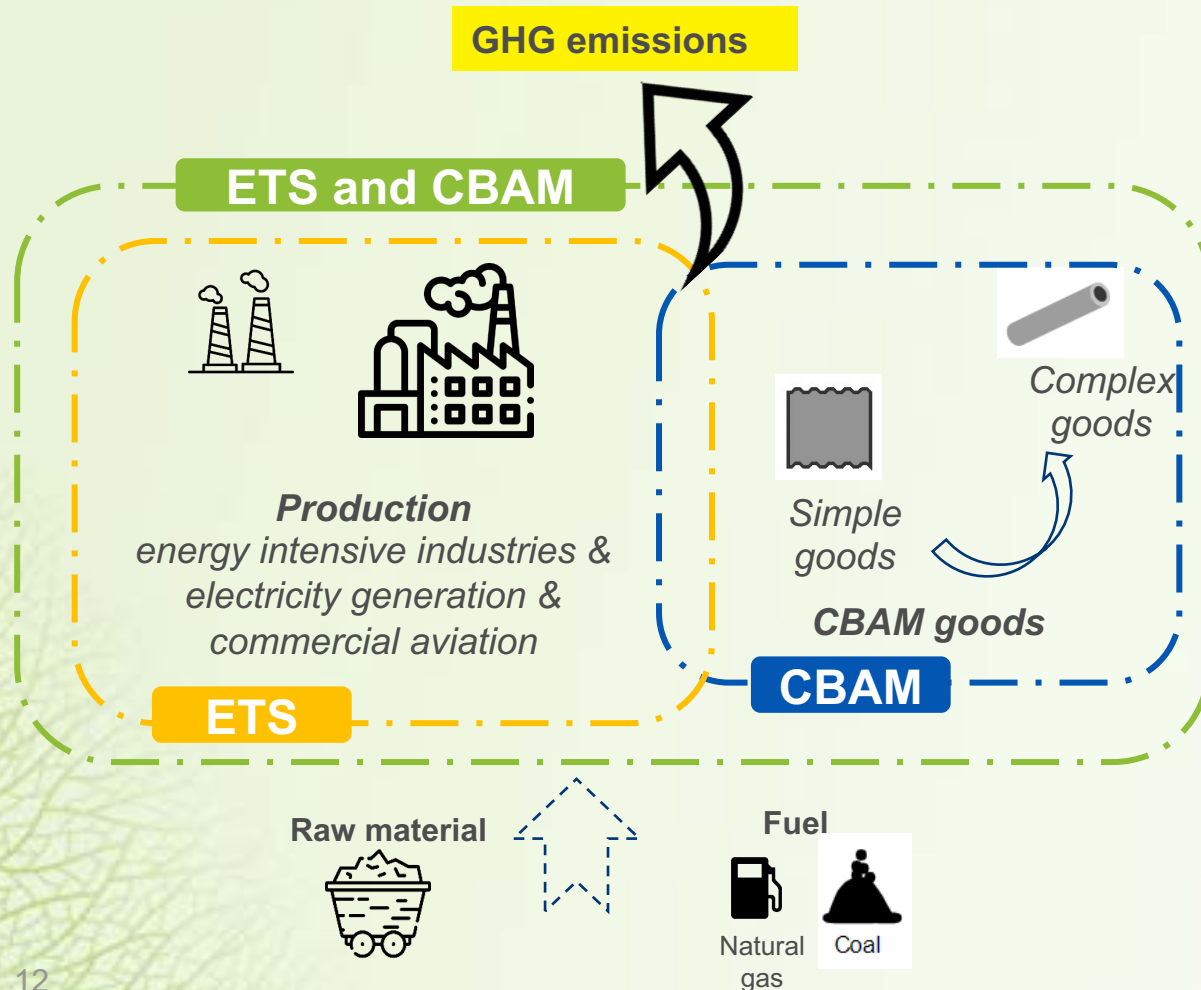
## Key highlights

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

The CBAM reporting declarants will find in the CBAM Transitional Registry User Manual an XSD file describing the full structure of the CBAM quarterly report, as well as a sample ZIP file which may be uploaded in the Registry to fill in automatically the quarterly report's data.



# 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



# What are the reporting obligations in the transitional period?



**Report to be submitted quarterly by EU importer**

- Total quantity of goods imported during the preceding quarter
- Total embedded direct and indirect emissions
- The carbon price due in the country of origin for the embedded emissions



**Information on emissions and price to be communicated by third country producer to EU importer.**

**Yearly reference period can be used.**

**No verification of emissions by EU-accredited verifier**



**No CBAM certificates**

# 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**

# Guidance and support by the Commission

## Training

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

## Guidance

- Tailored guidance documents for:
- Producers in third countries
  - Reporting declarants

## Template

Excel-based template to facilitate data collection and information exchange

## Dedicated information portal

Dedicated Commission website with all information

## IT reporting interface

- The CBAM Transitional Registry
- Detailed guidance for users

# 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)**