



INTPA-NEAR Environment & Climate Week

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Carbon Border Adjustment Mechanism

A new, green way of pricing carbon in imports to the EU

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CBAM at a glance

- Focusing on actual carbon content in goods, not targeting countries!
- Companies are subject to CBAM only on individual merits and taking into account:
 - Actual carbon content of the imported goods;
 - Level of free allocations of EU ETS allowances in the EU;
 - Carbon price effectively paid in country of production.
- Possible exemption due to participation/linking to EU ETS
- Companies buy and surrender certificates to cover carbon content via annual declarations



Carbon price

- **Equal carbon pricing**
 - EU businesses pay a carbon price on their production in the EU
 - Imports will need to pay a carbon adjustment, corresponding to the price they would have paid if the goods had been produced under the EU's carbon pricing rules (ETS).
 - The CBAM charge will be adjusted to reflect the level of EU ETS free allowances allocated to EU production of sectors in scope.
- **No double pricing**
 - If a non-EU producer can show that they have already paid a carbon price for the production of the imported goods in a third country, that amount can be deducted for the EU importer.

Gradual phase-in
to allow businesses to adjust

Transitional phase
**October 2023-
December 2025**

Monitoring and reporting
Implementing rules to be adopted by the CBAM Committee

Post-transitional phase
January 2026 onwards

Phase out of free allocation
Phase in of CBAM

Review
2025

Scope extension
Indirect emissions
Exports

Timeline

2026	2027	2028	2029	2030	2031	2032	2033	2034
2.5 p.p.	2.5 p.p.	5 p.p.	12.5 p.p.	26 p.p.	12.5 p.p.	12.5 p.p.	12.5 p.p.	14 p.p.
2.5%	5%	10%	22.5%	48.5%	61%	73.5%	86%	100%

Sectors during the Transitional phase

- In the **first phase**:



HYDROGEN



CEMENT



IRON & STEEL



ALUMINIUM



FERTILISER



ELECTRICITY

- Includes some precursors and downstream products
- Selected on the basis of 3 criteria:
 - *High risk of carbon leakage (High carbon emissions; High level of trade)*
 - *Covering more than >45% of CO2 emissions of ETS sectors*
 - *Practical feasibility*
- In a **second stage**, extended to other sectors



Reporting emissions

- ❑ During the transitional phase the following shall be reported: *Direct and Indirect emissions for all CBAM goods included in Annex I of the Regulation*
- ❑ During the definitive phase the following shall be declared: *Direct emissions for all CBAM goods included in Annex I of the regulation and Indirect emissions, for all CBAM goods except those that may receive indirect cost compensation under the EU ETS framework (Annex IA)*
- ❑ The Commission will work towards the extension of the list of goods for which indirect emissions shall be reported

International openness

CBAM is open to decarbonisation efforts in third countries and favours international coordination thanks to a five-tier system:

- Actual emissions methodology – CBAM is based on carbon content of the imported goods.
- Deduction of the carbon price paid in country of production from the adjustment on imported goods.
- Countries applying EU ETS or linked to it are excluded.
- Special rules on electricity for countries whose electricity market is “coupled” with the EU internal market for electricity



Thank you



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**Nationally
Determined
Contributions**

How to support their
implementation at
country level via our
EU cooperation.

Room 0B

**Just energy
transition in
our partner
countries**

Room 0C

**Energy
efficiency**

11:00 – 12:00 hours

11:00 – 12:00 hours

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How to support their
implementation at
country level vi.a our
EU cooperation.

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transition in our
partner countries



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Energy efficiency

