



Carbon Border Adjustment Mechanism (CBAM)

Is a pivotal policy introduced by the European Union (EU) to address the issue of carbon leakage and promote global climate action



During the transitional phase (2023-2025), importers must report the greenhouse gas emissions embedded in their imports without the need to buy certificates. This phase serves as a pilot period to refine the methodology and gather data. From 2026 onwards, importers will need to surrender certificates corresponding to the emissions of their imported goods.

The primary objective of CBAM is to prevent carbon leakage and ensure that EU climate policies are not undermined by imports from countries with lower environmental standards. By putting a fair price on carbon emissions, CBAM incentivizes cleaner production methods globally and supports the EU's broader climate goals. To ensure compliance, the EU has established a robust framework for reporting and verification. Importers must register with national authorities and report their emissions data, which will be verified by independent third parties. This transparency and accountability are crucial for the effectiveness of CBAM.



ENCOURAGES CLEANER PRODUCTION

CBAM incentivizes operators to adopt greener technologies and reduce carbon emission



ACCESS TO EU MARKETS

By complying with CBAM requirements, operators can maintain access to the EU market, which is a significant trading partner for many countries.

WHAT IS THE BENEFIT OF CBAM IMPLEMENTATION FOR THE INSTALLATION OPERATORS OUTSIDE THE EU?

COMPETITIVE ADVANTAGE

Operators who invest in low-carbon technologies can gain a competitive edge over others who face higher carbon costs



TRANSPARENCY AND ACCOUNTABILITY

CBAM promotes better monitoring and reporting of carbon emissions, which can enhance the credibility and reputation of operators



ALIGNMENT WITH GLOBAL STANDARDS

It helps operators prepare for stricter environmental regulations that may be adopted globally in the future.

CBAM INCENTIVIZES CLEANER PRODUCTION METHODS GLOBALLY AND SUPPORTS THE EU'S BROADER CLIMATE GOALS

PROCESS

As a producer of a product subject to the Carbon Border Adjustment Mechanism (CBAM), you'll need to take several steps to ensure compliance:

Calculate Embedded Emissions:

Determine the carbon footprint of your product, including emissions generated during production.

Maintain Emissions Data:

Keep detailed records of your emissions data, as you'll need to report this information.

Submit CBAM Declarations:

Annually report the embedded emissions and surrender the corresponding number of CBAM certificates. If you've already paid a carbon price during production, you can deduct that amount.

Purchase CBAM Certificates:

Buy the necessary CBAM certificates based on the carbon content of your product. The price of these certificates is linked to the EU ETS auction prices.

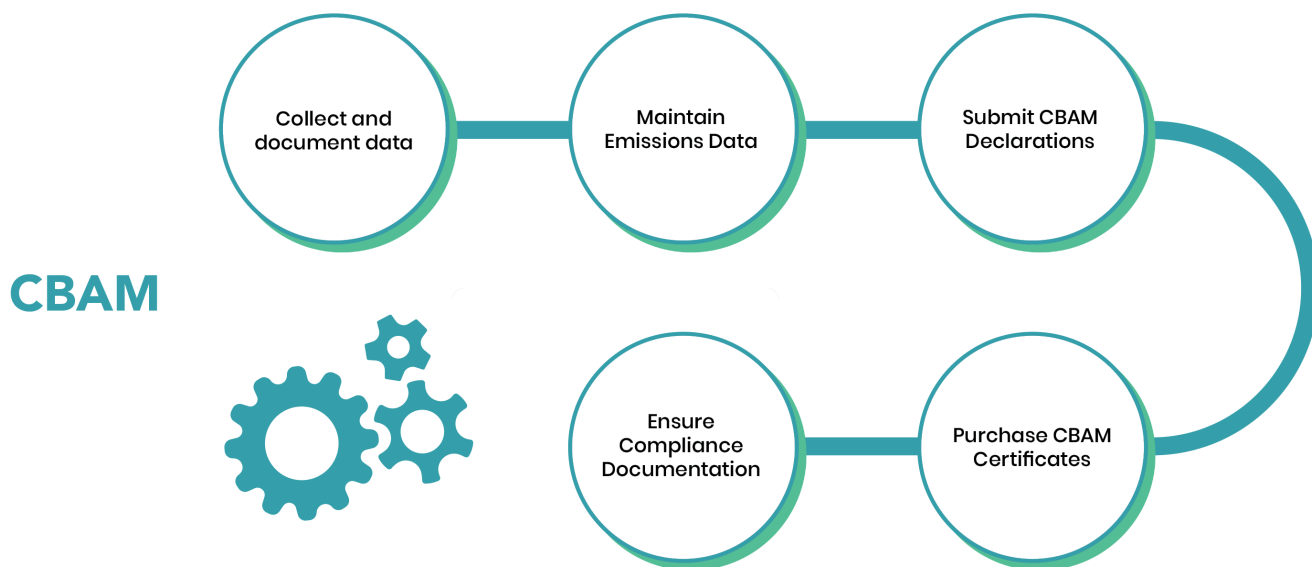
Maintain Emissions Data:

Keep detailed records of your emissions data, as you'll need to report this information.

Ensure Compliance Documentation:

Maintain and provide documentation demonstrating compliance with CBAM requirements, including carbon footprint assessments and proof of payment for carbon tariffs.

During the transitional period, verification is a fully voluntary measure that operators of installations may choose as a means to improve their data quality and to prepare for the requirements of the definitive period. During the definitive period, declared embedded emissions should be verified by a verifier.



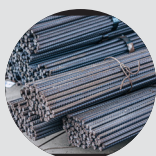
TARGET MARKET SECTOR

The CBAM will initially apply to imports of certain goods and selected precursors whose production is carbon intensive and at the most significant risk of carbon leakage:

Cement



Iron and steel



Aluminium



Fertilizers



Electricity



Hydrogen



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