



Definition / Aim of CBAM

- Net zero emissions by 2050; as part of this – series of proposals called 'Fit for 55 Package' to reduce net emissions by 55% by 2030.
- CBAM is a key component of this package; overall goal is to address Carbon leakage (where EU companies move production to countries with less ambitious climate policies)
- CBAM will see certain carbon-intensive goods (for example, iron and steel, aluminium, cement, fertilisers, and electricity) that are produced outside the EU subject to an additional carbon charge on import (aligned with current ETS system)



Regulation / Scope / Governance

- Articles 191 to 193 of the Treaty on the Functioning of the European Union ('TFEU') confirm and specify EU competencies in the area of climate change. The legal basis for CBAM is Article 192(1) of TFEU
- The current scope of the CBAM regulation includes aluminium, cement, electricity, fertilisers, and iron & steel. Discussions are still on-going to possibly broaden scope but not finalised.
- A deminimus of €150 is under discussion.
- Governance will follow a 'hybrid' model whereby certain aspects are managed centrally (by the Commission); with the remaining managed by the individual Member State's National Competent Authority (NCA)





How CBAM will work in Practice

- An importer of the CBAM goods will have to be registered as a CBAM Authorised Declarant, they will apply to the NCA where registered.
- The Declarants will have to purchase, in advance, the necessary CBAM certificates for the amount of goods they are likely to import year by year.
- Before importing, Revenue Customs will confirm the Declarant is authorised to allow the goods to be imported. The NCA will monitor that the Declarant has the necessary certificates





Transition Period / CBAM in Full

Transition Period: 1st January 2023 – 31st December 2025

- No CBAM certificates necessary, monitoring only
- Authorised CBAM declarants must report quarterly on CBAM imports

1st January 2026 onwards

- Importers must register as Authorised Declarants, and purchase CBAM certificates, for CBAM imports.

Currently: discussions are still on-going and it is hoped the regulations will be fully agreed and signed off by mid-December.

