FAQ
European Union Carbon Border Adjustment Mechanism (EU CBAM)

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Basic understanding

1. What is the EU Carbon Border Adjustment Mechanism (CBAM)?
CBAM is the EU's mechanism for placing a carbon-related cost on certain imported goods based on the emissions generated during their production. Its goal is to align the carbon cost of imports with the carbon cost already faced by EU producers.

2. Why has the European Union introduced CBAM?
The EU introduced CBAM to reduce the risk of carbon leakage, meaning the relocation of production to countries with weaker climate rules. It is also intended to support cleaner industrial production globally.

3. How does CBAM relate to the EU Emissions Trading System (EU ETS)?
CBAM is closely linked to the EU ETS because it applies a carbon cost to imports in a way that reflects the carbon price faced by EU industry. In simple terms, it extends the logic of the ETS to certain imported goods.

4. What problem is CBAM trying to solve in global trade?
CBAM addresses the risk that companies may shift production to countries with lower environmental costs and then sell those goods into the EU. Without such a mechanism, EU climate policy could reduce local emissions while increasing imported emissions.

5. Is CBAM a tax, a reporting system, or both?
CBAM is more than a tax-like charge. It is also a reporting, verification, customs, and compliance system that requires structured emissions and product data.

Scope and coverage

6. Which sectors are currently covered by CBAM?
The current EU CBAM scope covers cement, iron and steel, aluminium, fertilizers, electricity, and hydrogen. These sectors were selected because they are carbon-intensive and exposed to carbon leakage risk.

7. Are all products in those sectors automatically covered by CBAM?
No. Coverage depends on the specific CN customs codes listed in the CBAM rules, not simply on the broad sector name.

8. How does the EU decide which products are in scope for CBAM?
The EU defines scope by referring to specific CN customs codes in the legal framework. Companies must therefore review product classification carefully rather than assuming that an entire product family is covered.

9. What are CN customs codes and why are they important for CBAM?
CN codes are the EU's Combined Nomenclature product classification codes used for customs purposes. They are important because CBAM scope is legally determined through these codes.

10. How can a company check if its product's CN code is covered by CBAM?
A company should compare the product's customs classification with the official list of CN codes covered by CBAM. It is also advisable to confirm the classification with customs specialists or the importing party.

Roles, registration and access

11. Who is legally responsible for CBAM compliance when goods enter the EU?
The legal responsibility generally rests with the EU importer, or the entity acting as the authorised CBAM declarant. This party is responsible for declarations, certificates, and compliance with the applicable rules.

12. What is an Authorized CBAM Declarant (ACD)?
An Authorized CBAM Declarant is the approved EU-based entity allowed to import covered CBAM goods under the definitive regime. This entity carries the main legal obligations under CBAM.

13. How should an EU importer register or apply for CBAM/ACD status in practice?
The importer should apply through competent authority in its EU Member State using the CBAM Registry and related national procedures. In practice, the application usually involves business identification details, customs identifiers, and evidence that the company can manage CBAM obligations properly.

14. What information and documents are usually needed to support an ACD application?
Typical requirements include company identification details, an EORI number, contact information, and documents showing the business has the operational and financial capacity to meet CBAM obligations. Some authorities may also request internal control or compliance information.

15. Does a non-EU manufacturer have to register as an Authorized CBAM Declarant?
No. The ACD role belongs to the EU importing entity, not the foreign manufacturer. However, the non-EU manufacturer still plays a key role by supplying products, installation, and emissions data.

16. What is the CBAM Registry and how is it used in the definitive phase?
The CBAM Registry is the EU's digital system for managing declarations, certificates, and related compliance functions. It supports the practical administration of CBAM in the definitive regime.

17. What is the CBAM operator portal (sometimes referred to as O3CI) for non-EU installations?
The O3CI portal is the part of the CBAM system used by operators of installations located outside the EU. It allows non-EU operators to submit installation and emissions information in a structured way.

18. How can a non-EU manufacturer or installation operator request access to the CBAM operator portal?
The operator normally starts by creating an EU Login account and then following the official access request procedure for the O3CI portal. Each user must register individually and submit the required company and representative details.

19. What documents and information are commonly required from non-EU operators when requesting portal access?
Common requirements include the company name, registration number, company email, role of the

user, company registration certificate, and proof of representation such as the power of attorney. Supporting documents are generally easier to process if provided in English or with a courtesy translation.

20. What is the difference between CBAM registration for EU importers and portal access for non-EU operators?
EU importers apply for authorized declarant status because they hold the legal import and compliance obligation. Non-EU operators do not become declarants, but may request portal access so they can provide installation and emissions data.

Phases, timing and deadlines

21. What is the difference between the CBAM transitional phase and the definitive phase?
The transitional phase focused mainly on reporting obligations, while the definitive phase adds financial obligations linked to certificates. In other words, the system moved from data reporting to payable carbon compliance.

22. When did the transitional phase start and when did it end?
The transitional phase started on 1 October 2023 and ended on 31 December 2025.

23. From which date did CBAM start creating a financial obligation on imports?
The definitive phase started on 1 January 2026. From that point onward, CBAM created certificate-related obligations for covered imports under the definitive regime.

24. What type of CBAM reports were required during the transitional phase?
During the transitional phase, importers were mainly required to submit emissions reports for covered imports. The purpose was to prepare companies and authorities for the definitive system.

25. What are the main reporting and payment obligations in the definitive phase?
In the definitive phase, authorized declarants must declare the embedded emissions in their covered imports and surrender the corresponding number of CBAM certificates. They must also maintain records and comply with registry and verification requirements.

26. What are the key CBAM dates and deadlines businesses should watch in 2026 and 2027?
The most important dates are the start of the definitive regime on 1 January 2026, the quarterly certificate price publications in 2026, and the first annual declaration cycle for 2026 imports. Businesses should always check the latest official timetable issued by the Commission or the relevant national authority.

27. Is there any threshold or exemption for very small quantities of CBAM goods, and how does it work in practice?
Under the simplified EU CBAM approach, a 50-tonne annual mass-based threshold applies for certain CBAM goods. Businesses should still check the latest official guidance carefully because the practical treatment of goods such as electricity and hydrogen is different.

Price and calculation

28. What is a CBAM certificate and what does one certificate represent?
A CBAM certificate is the unit used to cover one tonne of embedded CO2 equivalent associated with imported CBAM goods. Importers must surrender enough certificates to match the declared emissions of their imports.

29. How is the CBAM certificate price determined?
The certificate price is based on the auction price of EU ETS allowances. In 2026, the price is calculated as a quarterly average, and from 2027 onward it is calculated as a weekly average.

30. How often is the CBAM certificate price published and where can businesses find the latest value?
In 2026, the European Commission publishes certificate prices quarterly. From 2027 onward, the Commission publishes them weekly on the official CBAM certificate price page.

31. What is the official CBAM certificate price for Q1 2026?
The first official CBAM certificate price for Q1 2026 was €75.36 per tonne of CO2.

32. What is meant by "embedded emissions" and "Specific Embedded Emissions (SEE)" in the CBAM context?
Embedded emissions are the emissions associated with producing the imported good. Specific Embedded Emissions, or SEE, are the emissions intensity of the product, generally expressed per unit of output, such as per tonne of product.

33. In simple terms, how is the CBAM cost for a shipment calculated from emissions and price?
At a basic level, the importer determines the embedded emissions for the imported goods and multiplies them by the applicable CBAM certificate price. If a qualifying carbon price has already been paid abroad, that may reduce the final certificate obligation.

34. What is the difference between using EU default values and using supplier-specific actual emissions data?
Default values are fallback emissions values used when acceptable actual data is not available. Supplier-specific actual emissions data is based on the real performance of the installation and, if accepted, can provide a more accurate and often more favorable result.

35. Under what conditions can actual emissions data be used instead of default values for CBAM?
Actual emissions data can be used if it follows the required CBAM methodology and is supported by proper records and verification where required. If the data is incomplete, weak, or non-compliant, the importer may have to rely on default values instead.

Compliance, data, documents and risk

36. What minimum data does a company need to gather to support CBAM declarations?
At a minimum, companies should gather data on product classification, quantities, production output, fuel use, electricity use, and any relevant raw materials or precursor inputs. The exact data needs depend on the product and methodology.

37. What types of documents should companies keep as evidence for CBAM?
Companies should maintain invoices, packing lists, customs documents, production records, fuel and electricity records, emissions calculations, verification documents, and any evidence supporting carbon price deductions. A clear documentary trail is essential.

38. Why is a formal Monitoring Plan and internal control framework important for CBAM compliance?
A Monitoring Plan helps define how emissions data is measured, calculated, checked, and recorded. Internal controls are important because CBAM depends on consistent, traceable, and defensible data rather than one-time estimates.

39. What role does independent verification play in CBAM, and when is verification expected or required?
Independent verification gives confidence that the emissions data has been prepared correctly and can be relied upon for compliance. In practice, verification becomes particularly important where actual supplier-specific emissions are used instead of defaults.

40. What are the main financial and administrative penalties for CBAM non-compliance?
Non-compliance can lead to significant financial penalties, including penalties for failing to surrender enough certificates and for importing covered goods without the required authorization. Penalties do not remove the underlying compliance obligation.

41. How should companies integrate CBAM into contracts, supplier questionnaires and overall compliance programmes to manage ongoing risk?
Companies should include CBAM responsibilities in contracts, define data-sharing expectations with suppliers, and align internal customs, sustainability, and compliance teams. CBAM should be managed as an ongoing governance issue rather than as a one-time reporting exercise.

Carbon price relief and supply-chain responsibility

42. How does CBAM treat carbon prices already paid in the country of origin, and what is Carbon Price Relief?
If the importer can prove that a qualifying carbon price was already paid during production in the country of origin, the corresponding amount may be deducted from the CBAM obligation. This is commonly described as Carbon Price Relief.

43. What evidence is needed to show that a carbon price was paid abroad and is eligible to reduce CBAM liability?
The importer should be able to show what carbon price was paid, under which scheme it was paid, how much was paid, and how it relates to the imported goods. The evidence must be clear enough for the competent authority to assess the claim.

44. In a typical supply chain, who should collect data, who verifies it, and who finally submits the CBAM declaration?
In most cases, the non-EU manufacturer collects the installation and emissions data, the verifier checks the data where verification is required, and the EU importer or authorized declarant submits the final CBAM declaration. This means supply-chain coordination is essential for compliance.