

CBAM – An update for EU importers

04 January 2024

EU importers should be aware that CBAM legislation may have a significant impact on their operations, supply chain, and logistics. They need to quantify their carbon footprint and prepare for the financial obligations and administrative measures required by CBAM. The first CBAM report about the embedded greenhouse gas emissions is due by 31 January 2024. Here is an update of what EU importers will have to do, what help is available, and if fines are due when the report is not submitted in time.

What are CBAM goods?

CBAM goods are goods currently imported into the EU from the cement, iron and steel, aluminium, and some chemical industries (fertilizers and hydrogen), and electricity. [Annex I to the CBAM Regulation](#) lists different CN codes from the relevant sectors. The importer must check and compare all imported goods against the product specifications in Annex I. The correct classification of the goods is therefore crucial to understand the scope of application of the report.

Reporting obligation in the transitional period

The transitional period spans from 1 October 2023 to 31 December 2025. During this period, importers of goods in the scope of the [CBAM regulation \(EU\) 2023/956](#) are required to submit quarterly reports on the CBAM Transitional Registry. Access to the Registry should be requested through the National Competent Authority (NCA) of the Member State in which the importer is established. For Germany, this is the German Emissions Trading Authority (DEHSt). It has announced that it will inform companies shortly about how they can gain access to the CBAM Transitional Registry. Nevertheless, companies can already familiarise themselves with the registry. The Commission issued a [user manual](#). In the transitional period, importers do not have to make any financial payments or adjustments. The transitional period is solely for data collection purposes. The last quarterly report in the transitional period will be for the period October to December 2025, with the report due by 31 January 2026.

For the quarterly reports during the transitional period, importers are required to provide specific information in their CBAM reports. This information includes:

- **Total Quantity of Each Type of Goods:** This should be expressed in megawatt hours (MWh) for electricity and in tonnes for other goods. For determining the importation date of goods, the "release to the market" (clearance by customs authorities) is considered relevant.

- **Embedded Emissions Data:** The report should summarize the embedded emissions in goods imported during the previous quarter of the calendar year. This includes both direct and indirect emissions, as well as any carbon price paid abroad. Importers need to use the latest embedded emissions data communicated to them by installation operators outside the EU for their quarterly reports.
- **Carbon Costs for Precursor Materials:** In the case of complex goods, the carbon costs due by the producers of precursor materials should also be reported.

How to get the relevant data?

The main task for importers is to ensure the completeness of the imports list and other relevant factors to be reported in the CBAM report. However, importers must rely on the emissions data generated elsewhere. This means that the contractual partners of the importers must submit the relevant emissions data. Importers should therefore include a **dedicated clause** in their purchase contracts with the producers of the goods being imported.

Importers are advised to send their contractual partner the simple spreadsheet provided to prepare their CBAM declaration. If used correctly, it will only require limited efforts by the importer to complete the report in the CBAM Transitional Registry, provided the list of imported goods is kept up-to-date and the embedded emissions per tonne of product are known.

Different reporting options

The Implementing Regulation foresees different options for reporting. Until the end of 2024, EU importers will have three choices:

- Full reporting according to the new EU methodology taking into account the actual embedded emissions;
- Reporting based on an equivalent method for which three different options exist;
- During the transitional period, it may happen that importers do not have all the necessary information. Therefore, during the three first quarterly reports (until 31 July 2024), EU importers may report embedded emissions based on default values that the EU Commission made available on 22 December 2023. From Q3 of 2024 and until the end of 2025, declarants can still report emissions based on estimations but only for complex goods and with a limit of 20% of the total embedded emissions. Using default values would qualify as 'estimation'.

Penalties for Non-compliance

During the transitional period, the EU Commission checks the receipt, completeness and plausibility of the reports. Member States will apply penalties for not complying with CBAM obligations. This includes fines ranging from EUR 10 to EUR 50 per tonne of unreported emissions, with higher penalties for repeated non-compliance or failure to report for more than six months.

The good news is that reporting declarants may modify and correct their reports until two months after the end of the relevant reporting quarter. However, there is a special allowance for the first two reporting periods, where modifications are allowed until the submission deadline for the third CBAM report. This deadline is set as a way to accommodate initial adjustments and corrections that may be necessary as entities adapt to the new reporting requirements.

Checklist

If not already done, here is a short checklist of what you should do as an EU-importer regarding CBAM compliance:

- Identify imports subject to CBAM regulations;
- Establishing processes for collecting emissions data from suppliers and manufacturers and information on carbon prices abroad of the CBAM goods;
- Register as CBAM declarant or find an indirect customs representative to take over at the CBAM Transitional Registry;
- Understand supply chain impacts of CBAM and assessing price and regulatory risk in different countries.

BLOMSTEIN and its ESG team will continue to closely follow developments related to the CBAM. We are at your disposal at any time to answer questions on the practical implementation as well as on the scope of application of CBAM. Please do not hesitate to contact [Anna Huttenlauch](#), [Roland Stein](#), [Florian Wolf](#), [Bruno Galvão](#) and [Leonard von Rummel](#).