



The proposed simplification of the EU Carbon Border Adjustment Mechanism

On 27 February 2025, the European Commission [published](#) its proposal for a regulation simplifying the Carbon Border Adjustment Mechanism (the “Proposal”). The proposed regulation would amend Regulation 2023/956 establishing the CBAM in line with the Commission’s ambitions to reduce regulatory burden on businesses.

Introduction

The Proposal contains two types of simplifications: (1) importers of small quantities of CBAM goods would be exempted from the CBAM obligations, and (2) a set of simplifications for importers of CBAM goods above the threshold to facilitate their compliance with the reporting requirements. We provide below an overview of these proposed changes as well as our thoughts on their key implications and what can be expected next.

Simplifications for small importers

- **New *de minimis* exemption:** the new *de minimis* exemption would apply to importers below an annual cumulative mass threshold of 50 tonnes of imports in the four industrial CBAM sectors (i.e. iron and steel, aluminium, fertilisers and cement) per importer. It would replace the current *de minimis* threshold of EUR 150 per consignment.
 - Importers that are below this threshold would be exempted from the CBAM authorisation and declaration obligations as well as the obligation to purchase CBAM certificates. They would need to self-identify as “occasional CBAM importers” when lodging their customs declarations and monitor that they do not exceed the threshold over the year. Compliance with the threshold would be monitored by the Commission and national authorities, based on customs import data. Importers would need to self-monitor the volume of their imports to estimate and examine whether the mass-based threshold is reached.
 - A review of this new threshold would be scheduled by 1 January 2028 and every two years thereafter.
 - The Proposal adds as an example of a circumvention practice, the artificial splitting of imports to avoid exceeding the new *de minimis* threshold, including via non-genuine arrangements.

Simplifications for bigger importers and third-country operators

- **Simplifications relating to authorisation of CBAM declarants**
 - The consultation procedure – prior to granting the status of authorised CBAM declarant – with other National Competent Authorities and the Commission would be optional rather than compulsory.
 - The Proposal provides for the possibility to delegate the submission of CBAM declarations to a third party (e.g. consultants and/or environmental experts, who must have an EORI number and be established in a Member State). However, authorised CBAM declarants would remain liable for all CBAM obligations.
- **Simplifications relating to emission calculations**
 - The Proposal excludes non-calcined kaolinic clays from the scope of the CBAM.
 - The alternative default value would be set at the level of the average emission intensity of the ten exporting countries with the highest emission intensities for which reliable data can be applied for a given type of goods (instead of 10% worst performing EU ETS installations).
 - Final finishing processes resulting in minor emissions would be excluded from the boundaries of the calculation of emissions for certain aluminium and steel goods.
 - Precursors (input materials) that have already been subject to the EU ETS or to a carbon pricing system that is fully linked with the EU ETS would be exempted from the calculation of embedded emissions.
 - The Proposal clarifies that embedded emissions based on default values would not have to be verified – the verification of embedded emissions would only apply to actual values.

- Authorised CBAM declarants could claim deduction based on *default* carbon prices in third countries (which is not possible under the current version of the CBAM Regulation). As from 2027, the Commission may, for third countries where carbon pricing rules are in place, determine the default carbon prices for those third countries.
 - Authorised CBAM declarants could claim carbon prices paid in third countries other than the country of origin of the goods.
 - For electricity, only direct emissions are to be taken into account in the calculation of the embedded emissions.
- **Simplifications relating to reporting requirements**
 - The deadline to submit annual CBAM declarations and surrender the required CBAM certificates would be moved to 31 August (instead of 31 May), with the repurchase deadline moved to 30 November and the certificate cancellation date to 1 October. The first CBAM declaration would be due in 2027 for the year 2026.
 - Regarding the registration of third-country operators in the CBAM Registry, the Proposal clarifies that controlling entities are covered by the definition of “operator” and can submit data for all their subsidiaries and entities they control. Operators in third countries must submit a corporate identifier upon registration in the CBAM Registry (name, address, corporate or activity registration number, contact information of the operator, and, if applicable, of its controlling entity including its parent company together with the supporting documents).
 - Accredited verifiers could register in the CBAM registry to access it and to carry out certain relevant tasks to facilitate reporting obligations.
 - **Simplifications relating to financial liability (CBAM certificates)**
 - The Proposal reduces the minimum quarterly purchase threshold. More specifically, from the first quarter of 2027, CBAM declarants would need to ensure that the number of CBAM certificates on their account in the CBAM Registry at the end of each quarter corresponds to at least 50% (instead of 80%) of the emissions embedded in the goods they have imported since the start of the year.
 - For that purpose, the emissions would be established based on either (i) the default values excluding the mark-up and taking into account the adjustment for free allocation, or (ii) the number of CBAM certificates that they surrendered in the previous year for the same goods.
 - The Proposal limits the number of CBAM certificates that can be repurchased to the total number of CBAM certificates needed to fulfil the minimum purchase threshold during that calendar year (instead of the previous one-third limit).
 - The Proposal delays the sale and purchase of CBAM certificates. More specifically, CBAM declarants would be able to purchase CBAM certificates from February 2027 to cover the emissions embedded in the CBAM goods imported during 2026. As a general rule, the Commission would calculate the price of CBAM certificates as the weekly average of the closing prices of the EU ETS allowances on the auction platform. Exceptionally, for the year 2026, the Commission would calculate the price of CBAM certificates that correspond to the declared embedded emissions as the quarterly average of the closing prices of EU ETS allowances on the auction platform of the quarter of importation of the CBAM goods to which those emissions correspond.

Key implications

The proposed simplifications aim to limit the number of companies subject to CBAM, while ensuring that more than 99% of emissions embedded in the CBAM goods imported to the EU are maintained in scope. Indeed, the data gathered so far during the transitional period showed that the administrative costs for and environmental impact of small importers are disproportionate compared to the value of goods they have imported into the EU – the largest importers, representing 10% of the total importers, accounted for more than 99% of the emissions. However, while these changes alleviate the burden of the EU importers, they do not fully address the difficulties faced by third-country producers of the CBAM goods tasked with determining the embedded emissions. In addition, the new *de minimis* threshold arguably increases the risk of circumvention and in that sense imposes an additional burden on the competent authorities to monitor compliance. Furthermore, while the lowering of the minimum quarterly purchase threshold for CBAM certificates from 80% to 50% of embedded emissions is welcomed by many companies, the delayed purchase of the CBAM certificates may be less helpful in practice. In that regard, the outstanding issue relates to the uncertainty about the price of CBAM certificates in 2026 which will only be known at the end of each quarter. This does not correspond with commercial realities, where companies often purchase CBAM goods months before they are imported into the EU and will have to do so without being able to estimate the applicable CBAM costs.

What's next?

The Commission's proposal will now be scrutinised by the European Parliament and the Council of the EU, which may propose further amendments. In addition, in the second half of this year, the Commission is expected to present a comprehensive CBAM review report which will lead to more substantive changes to the CBAM, including the extension of its scope to other ETS sectors and downstream products as well as possible measures relating to exports of CBAM goods. The report will be followed by a legislative proposal in early 2026.

Importantly, before any changes to the CBAM are officially adopted, the current rules set out in Regulation 2023/956 and Implementing Regulation 2023/1773 (dealing specifically with the CBAM transitional period) continue to apply and all companies currently within the scope of the CBAM must ensure compliance with those rules.

KEY CONTACTS



[Joanna Redelbach, Counsel](#)
+32 497 46 40 81
jredelbach@vbb.com



[Bowon Choi, Associate](#)
+32 472 92 80 05
bchoi@vbb.com



www.vbb.com

VAN BAEL & BELLIS