

EU Carbon Border Mechanism

Four key elements of design



Sectors

- ❑ In the **first phase**:



CEMENT



IRON & STEEL



ALUMINIUM



FERTILISER



ELECTRICITY



HYDROGEN

- ❑ Includes some precursors and downstream products
- ❑ Selected on the basis of 3 criteria:
 - ✓ *High risk of carbon leakage (High carbon emissions; High level of trade)*
 - ✓ *Covering more than >45% of CO2 emissions of ETS sectors*
 - ✓ *Practical feasibility*
- ❑ In a **second stage**, potentially extended to other sectors based on criteria

Gradual implementation of CBAM

Gradual phase-in to allow businesses to adjust

Transitional phase

October 2023-
December 2025

Monitoring and reporting
Implementing rules to be adopted by the CBAM Committee

Post-transitional phase **January 2026 onwards**

Phase out of free allocation
Phase in of CBAM

Review 2025

Potential scope extension;
Indirect emissions;
Exports; Impact on LDCs;
Progress made in international discussions on climate

