Review of EU Carbon Border Adjustment Mechanism (CBAM)

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Proposal for a Regulation amending Regulation 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism

What is changing and why?

This proposal to amend the Carbon Border Adjustment Mechanism (CBAM) focuses on **iron and steel, aluminium, cement, and fertilisers** imported to the European Union (EU). **CBAM does not apply to agricultural products**.

It is proposed to:

- remove 90% of companies currently impacted by the CBAM obligations, while still covering 99% of the carbon dioxide emitted in non-EU countries when producing goods exported to the EU
- facilitate compliance with CBAM for the EU importers that remain in the scope of the Regulation.

The proposed new rules for CBAM are based on feedback collected during a transitional phase (2023–2025).

CBAM focuses on six high greenhouse gas-emitting sectors: iron and steel, aluminium, cement, fertilisers, and also electricity and hydrogen. It requires EU importers of these goods to declare the amount of greenhouse gas emissions in their imports and, from 2026, to buy greenhouse gas emission allowances. For more information see: Carbon border adjustment mechanism (CBAM).

Timeline

The Council of the EU (Member States) and the European Parliament will review and amend the proposal, a process that can take 2–3 years. The Commission has requested accelerating the negotiations to reach an early agreement.

For more information see the full record on the AGRINFO website – where you can also view the latest AGRINFO Update newsletters and search the database.

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