

CBAM reporting: A new step in EU environmental policy

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What does CBAM reporting involve?

The Carbon Boundary Adjustment Mechanism (CBAM) was introduced by the EU as part of its ongoing efforts to combat climate change. Regulation (EU) 956, which comes into force in October 2023, aims to regulate carbon emissions from goods imported into the EU and prevent carbon leakage - a phenomenon that occurs when industries relocate their production to countries with less stringent environmental regulations.

Who is obliged to report CBAM?

CBAM reporting focuses on goods that are considered “sensitive” in terms of carbon emissions. These are usually produced by sectors with high pollutant emissions, such as cement, steel, aluminum, polymer-based products, hydrogen, ammonia and fertilizers. Any importer of goods included in the CBAM list is obliged to declare the associated carbon emissions. The Romanian tax authority has already announced that economic operators importing goods worth less than €150 are not required to submit a CBAM report.

What is the purpose of the CBAM message?

CBAM pursues several fundamental goals. First, it aims to reduce greenhouse gas emissions by setting a fair price for carbon that reflects the actual environmental impact of emissions. This will allow the EU to meet its climate commitments and contribute to the targets set for 2030 and 2050, including climate neutrality. Secondly, the CBAM aims to create a level playing field for European industry, which is already subject to strict emissions regulations. Importers of goods will have to pay a levy on the carbon emissions generated in the production process, similar to that applied to European manufacturers.

Where to report?

The Commission has set up the “CBAM Transitional Register” to make it easier for importers to fulfill their reporting obligations. In order to gain access to this register, importers must apply to the national competent authority (NCA) of the Member State in which they are based for access to this register.

From the CBAM report for the third quarter of 2024 (until October 31, 2024) and until the end of the transition period, the flexible use of default values provided and published by the European Commission or other default values listed in Annex III of the Regulation is no longer permitted. Therefore, from July 1, 2024, rapporteurs must report actual emissions for each CBAM product imported into the EU.

Introduction of CBAM

From October 2023 to June 2024, a greatly simplified procedure was available to importers, allowing them to submit reports based on the standard emissions specified by the Commission. The change will take place from the third quarter of 2024; the deadline for reporting is 31.10. 2024. This time, only the actual carbon emissions of CBAM-listed goods will be reported. From the third quarter of 2024, CBAM will enter a new implementation phase

in which the taxpayers concerned will be obliged to report the actual carbon emissions of goods imported into the EU from third countries.

Until the third quarter, emissions could be reported using the default values provided by the Commission, calculated as global averages based on publicly available data.

Sanctions for non-registration

Failure to report, incorrect or incomplete reporting may result in fines of up to €50 for each ton of carbon dioxide not reported.

In addition, although importers are only required to report during the transition period, they will have to obtain permits for future imports of CBAM products from 2025. From 2026, they will be obliged to purchase CBAM certificates for the emissions contained in the imported products.

Conclusion

CBAM reporting is an important step towards a cleaner and more sustainable environment. By regulating the carbon emissions associated with imported goods, the EU aims not only to protect the environment, but also to promote the competitiveness of European industry.

Although the challenges are real, the success of CBAM could have a positive impact on both the global economy and environmental policy. It is important that all stakeholders work together and find viable solutions to make CBAM an effective tool in the fight against climate change.

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