

# GREENHOUSE GAS EMISSIONS

## Carbon Border Adjustment Mechanism Regulation (CBAM)

**The Carbon Border Adjustment Mechanism (CBAM) is one of the key elements of the EU's 'Fit for 55' climate change package, which aims to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. The aim of CBAM is to prevent carbon leakage by taxing goods imported into the European Union that are associated with a significant carbon footprint.**

CBAM, as a kind of specific carbon tax, will be applied to commodities such as iron, steel, cement, aluminium, fertilisers, electricity and, under certain conditions, also indirect emissions. CBAM is therefore intended to ensure that the price of carbon dioxide emissions within imported goods is balanced with the price of carbon dioxide emissions within production in EU countries.

In the first phase, starting from 1 October 2023, the CBAM Regulation only imposes a reporting obligation on importers, including the reporting of greenhouse gas emissions generated in the process of producing goods imported into the EU.

Under the second phase, starting from 1 January 2026, importers will be required to submit annual declarations (until 31 May each year) on the amount of goods imported to the EU and the associated GHG emission factor (GHG factor).

Following this, the CBAM regulations will require EU importers to buy carbon certificates at the price they would have paid if the goods had been produced under the EU GHG emissions pricing rules. Importers will be required to submit the acquired certificates to CBAM for redemption.

In a situation where a non-EU producer documents the payment of the relevant carbon footprint fee in a third country, the importer of the product to the EU will be able to make a possible deduction of the relevant cost.

The CBAM Regulation enters into force on 1 October 2023.

**Are you interested in this topic?**

**Feel free to contact us.**

### CONTACT

Marek Grzywacz, Ph.D., Counsel  
[marek.grzywacz@ngllegal.com](mailto:marek.grzywacz@ngllegal.com)