



SMART CBAM

CBAM Explained for Importers

A Practical Guide to the EU Carbon Border Adjustment Mechanism

Prepared by Smart CBAM
A Smart Customs Group Company

Introduction

The EU's Carbon Border Adjustment Mechanism (CBAM) introduces new reporting and environmental compliance obligations for businesses importing certain goods into the European Union. While large multinational companies often have internal sustainability teams to manage complex regulations, many medium-sized importers are now facing these requirements for the first time. This guide provides a clear overview of CBAM, the products affected, and the practical steps importers should consider taking to prepare for the full implementation of the regulation from 2026 onwards.

1. What is CBAM?

CBAM is an EU policy designed to ensure imported goods are subject to a similar carbon cost as goods produced within the European Union. Many EU manufacturers already pay for their emissions through the EU Emissions Trading System (ETS). CBAM ensures that imported goods reflect comparable carbon costs, helping prevent carbon leakage where production shifts to countries with weaker environmental rules.

2. Products Covered by CBAM

CBAM currently applies to several carbon-intensive sectors:

- Iron and steel
- Aluminium
- Cement
- Fertilisers
- Hydrogen
- Electricity

3. CBAM Implementation Timeline

- 2023-2025 – Transitional period requiring quarterly reporting of emissions for imported goods.
- From January 2026 – Importers must submit annual CBAM declarations and purchase CBAM certificates.

4. How Emissions Are Calculated

Importers must report the embedded emissions associated with imported goods. These represent the greenhouse gases generated during manufacturing. Where verified emissions data is not available from suppliers, the European Commission allows the use of default emissions values.

Example calculation: If the EU default emissions value for steel is 2.1 tonnes of CO₂ per tonne and an importer brings 50 tonnes of steel into the EU: Embedded emissions = 50 × 2.1 = 105 tonnes CO₂. If the EU carbon price is €80 per tonne, the potential CBAM cost would be €8,400.

5. Steps Importers Should Consider

- Review import data to identify goods falling under CBAM sectors.
- Confirm product classifications and commodity codes.
- Engage suppliers regarding emissions data.
- Ensure CBAM reporting requirements are understood.
- Assess potential CBAM certificate costs from 2026.

Final Thoughts

CBAM represents one of the most significant changes to EU import regulations in recent years. Importers who begin preparing early will be best placed to understand the potential cost implications and ensure compliance as the regulation evolves.