



CBAM TRAINING

OVERVIEW OF THE CARBON BORDER ADJUSTMENT MECHANISM

Cairo, Egypt, 6 and 7th of December 2023

FOR THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

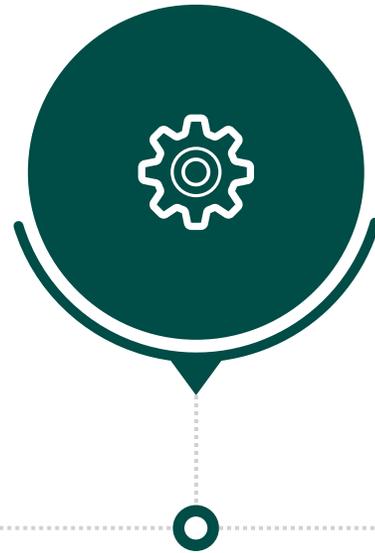


European Bank
for Reconstruction and Development

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**Key Aspects
of CBAM**



**Implementation
Timeline**



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Works**



**Submitting
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CBAM OVERVIEW

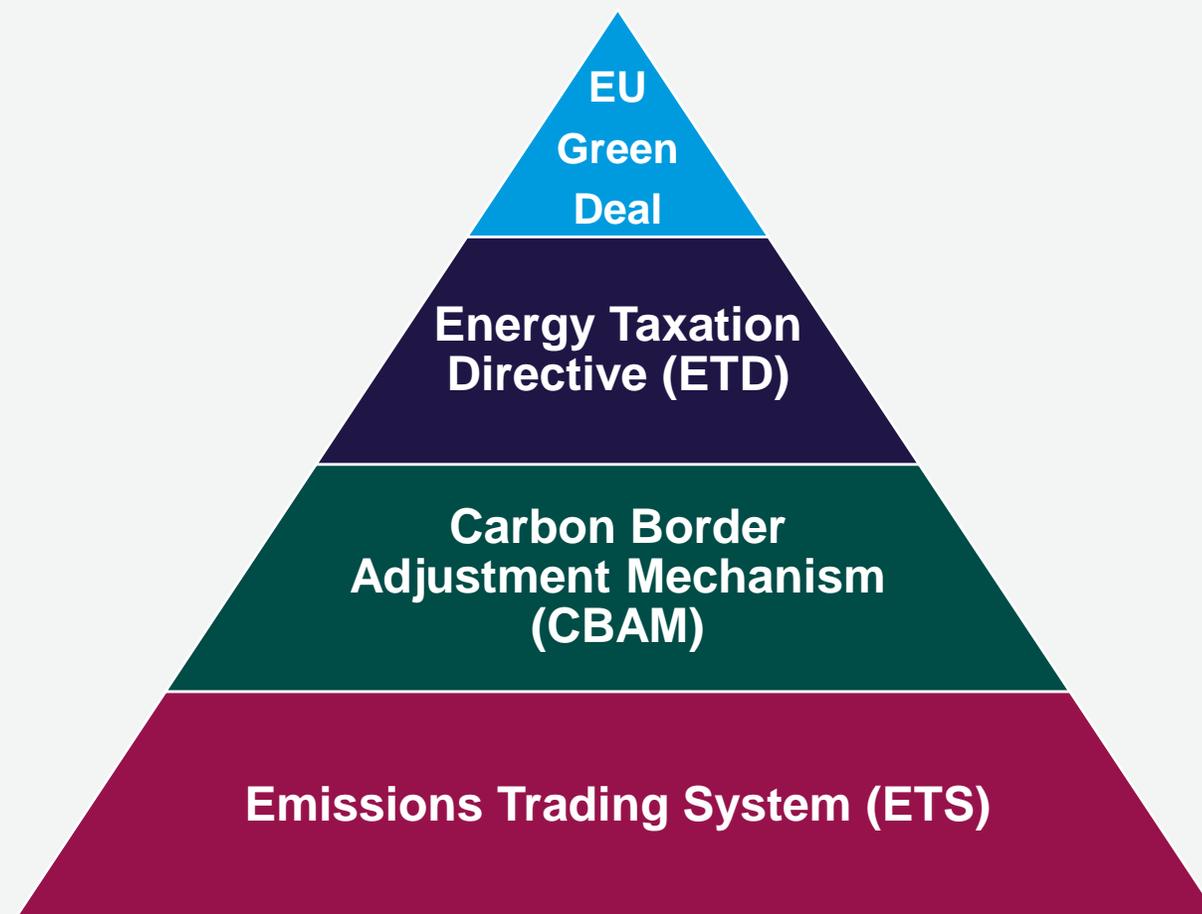
1. Key Aspects of CBAM
2. Implementation Timeline
3. How CBAM Works
4. Submitting CBAM Reports

CONTEXT

CBAM is a newly introduced carbon tariff mechanism applied to carbon-intensive sectors for goods imported into the EU.

Framing comments:

- CBAM implementation guidelines was only adopted by the European Commission in **August 2023**
- The consequence of this is that the legislation is not always clear or precise and some of the **wording may be open to interpretation.**
- The idea behind the initial Transitional Phase is intended for **learning by doing** for the commission, member states, EU importers, and third-country suppliers.



AIM AND OBJECTIVES OF CBAM

To reduce carbon emissions from goods imported to the EU and prevent competitive disadvantage against countries with weaker environmental regulations.

Objectives

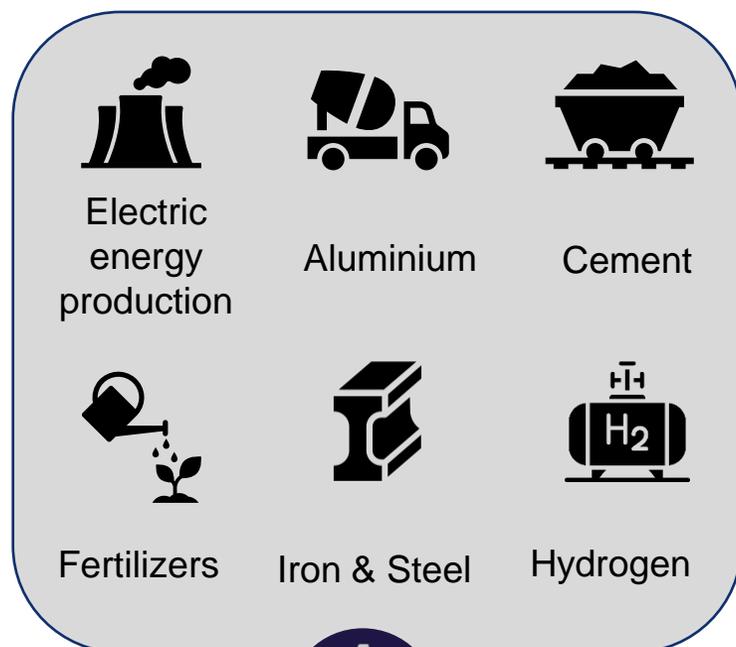
- Promote equal opportunities between the EU and its trading partners.
- Prevent carbon leakage by discouraging companies from relocating to countries with weaker environmental regulations.
- Protect EU companies that have invested in green technologies.
- Encourage increased climate ambition in other countries.
- Promote the implementation of carbon market policies in non-EU countries (to keep revenues within producer countries).
- Generate revenue that could be used to support climate policies in the EU or other countries.
- Conceived as a replacement for free allocation within the EU ETS.

CONCEPT

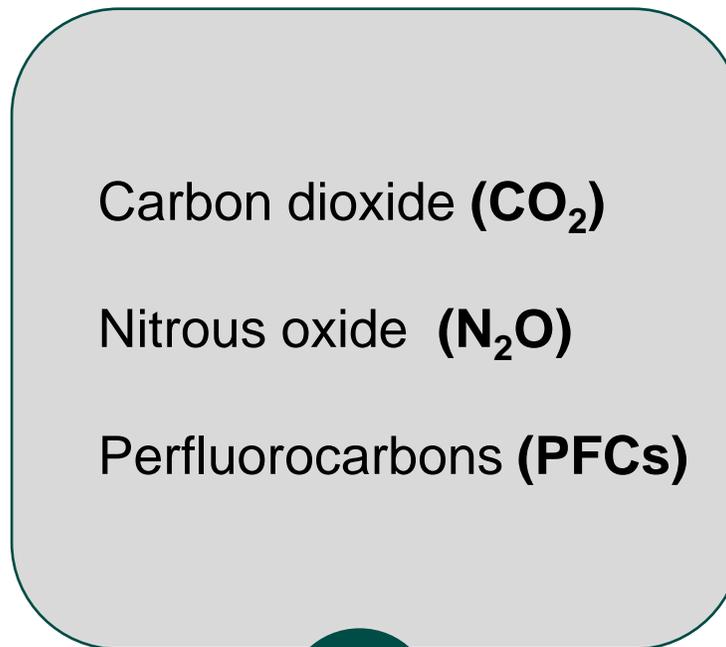
The CBAM Regulation applies to goods imported from third countries

Production in EU	Production outside the EU
	 <p>CO2 costs outside of EU: €10</p>
<p>ETS Costs: €75</p>	<p>CBAM cost = ETS COST (€75) – CO2 outside EU (€10) = €65</p>

CBAM COVERAGE



SECTORS



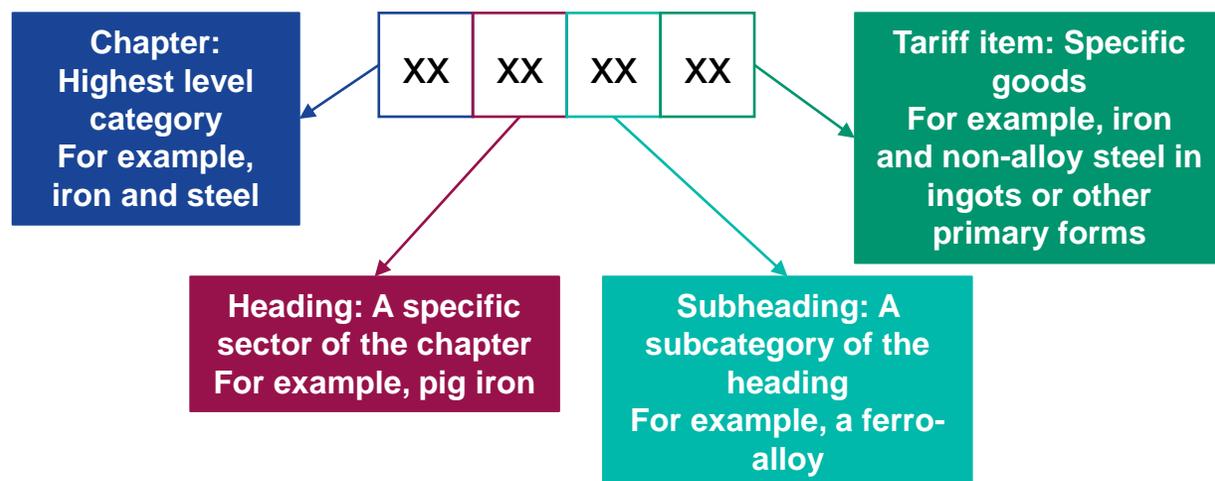
GASES



EXEMPTIONS

CN CODES FOR GOODS IN SCOPE OF CBAM

- The **Combined Nomenclature (CN)** is an eight-digit coding system
- It provides a **distinction between different products** within sectors to facilitate trade analysis.
- **All products covered in CBAM already have a CN code.** They will also have a related greenhouse gas that the imports are required to be reported in.



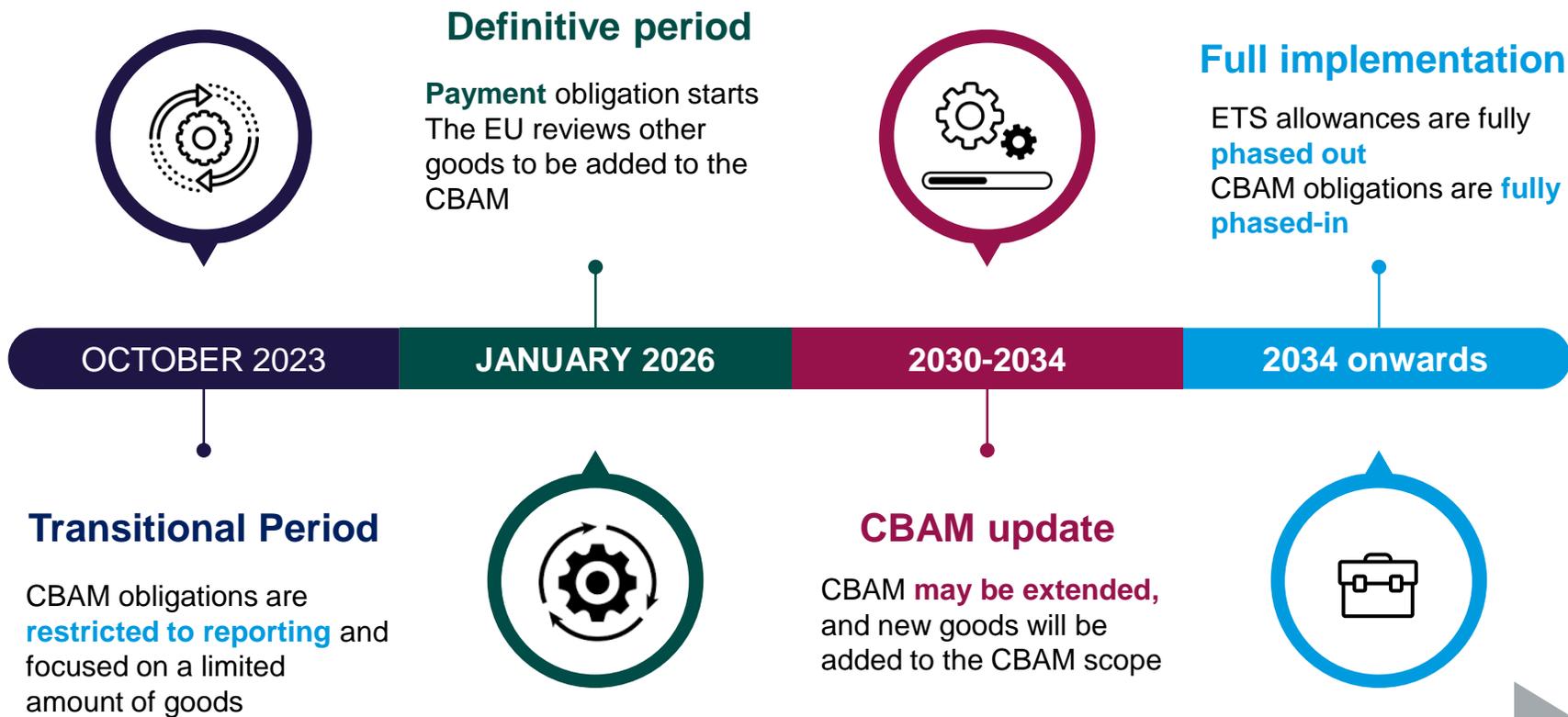
CN CODE	Greenhouse gas
2507 00 80 – Calcined clay	Carbon dioxide
2523 10 00 – Cement clinkers	Carbon dioxide
2523 21 00 – White Portland cement, whether or not artificially coloured	Carbon dioxide
2523 29 00 – Other Portland cement	Carbon dioxide
2523 30 00 – Aluminous cement	Carbon dioxide
2523 90 00 – Other hydraulic cements	Carbon dioxide

Example: CN codes for cement products covered in CBAM

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CBAM IMPLEMENTATION TIMELINE

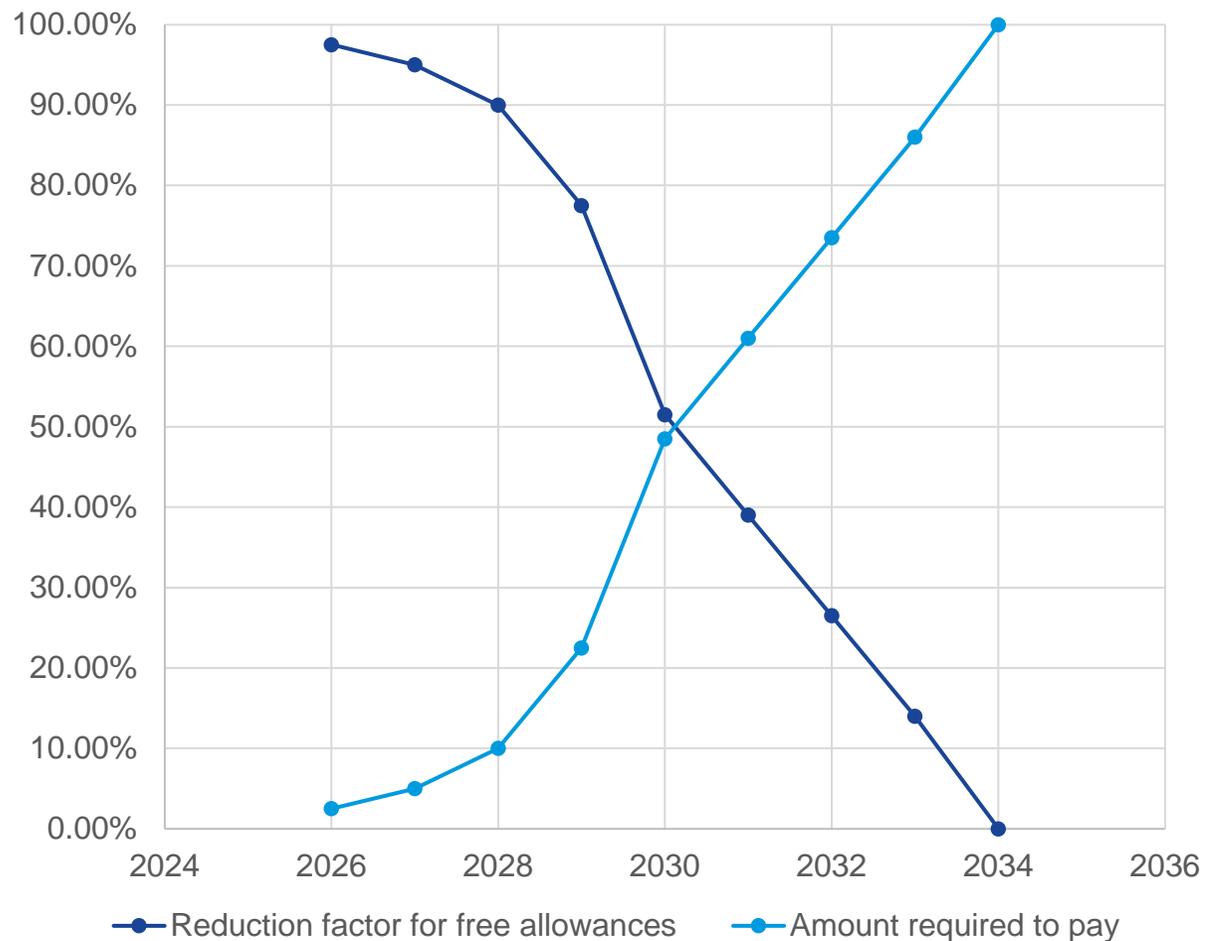


During the **Definitive Period** from 2026 CBAM obligations will be gradually phased-in, at the same pace that EU ETS free allowances in sectors covered by the CBAM are phased-out (which will happen in 2034).

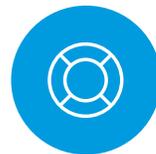
CBAM PHASES COMPARISON

	Transitional Phase Oct 2023 – Dec 2025	Definitive period Jan 2026 - 2030
Obligation	Reporting only – focused on getting local industry and importers ready for the Definitive Period	Importers to surrender certificates for their imported goods.
Registry	Transitional Registry	Definitive Registry
Declarant	Reporting Declarant – i.e. customs agent	Authorised Declarant - from 1 January 2025, importers or customs representatives can apply to become authorised CBAM declarants
Report	Year 1 – Companies will have a choice of: <ul style="list-style-type: none"> a) Full reporting – new EU methodology b) Equivalent 3rd country national systems (recognised / regulated) c) Reporting based on reference values (until July 2024) Year 2 – EU Method or default values	EU method or default values
Verification	Not required	Required. Details on how this will work are in progress.

PHASE OUT OF FREE ALLOWANCES IN EU - ETS



CBAM will only apply to the proportion of emissions **not benefitting from free allowances** under the EU ETS.



This is intended to ensure that producers of goods covered by the EU ETS are **not treated more favourably than foreign producers of the same goods** which are covered by the CBAM.



Therefore, while obligations under the CBAM for importers to pay a charge in respect of their imports will enter into force on January 1, 2026, **this obligation will only become fully operational in 2034**, the year in which EU ETS free allowances are fully phased out.

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PRICING PRINCIPLES



CBAM certificates

Means for importers to cover the emissions cost within their imported goods.

Starting 1 January 2026, importers or authorized CBAM declarants, acting as indirect customs representatives, **must purchase and surrender CBAM certificates** equivalent to the emissions within the imported goods each year.



Price of certificates

Will **mirror the weekly average auction price of EU ETS allowances from the preceding year**, denominated in € per metric ton of CO₂ emissions.

Importers will employ CBAM certificates to cover the emissions cost within the goods they bring into the European Union.

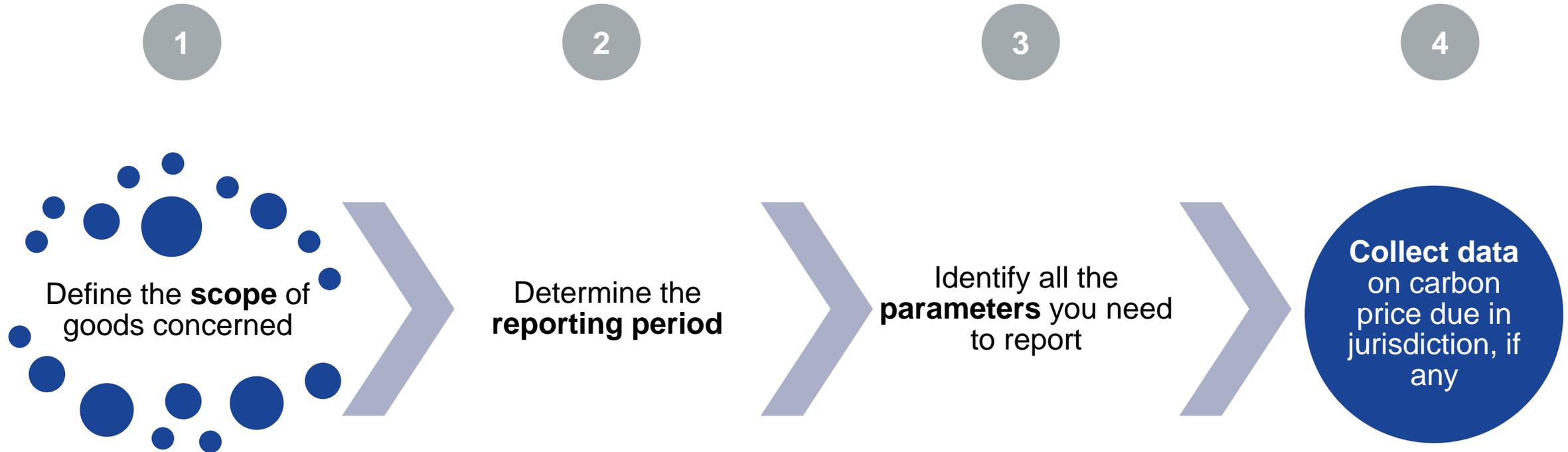


Carbon price in third countries

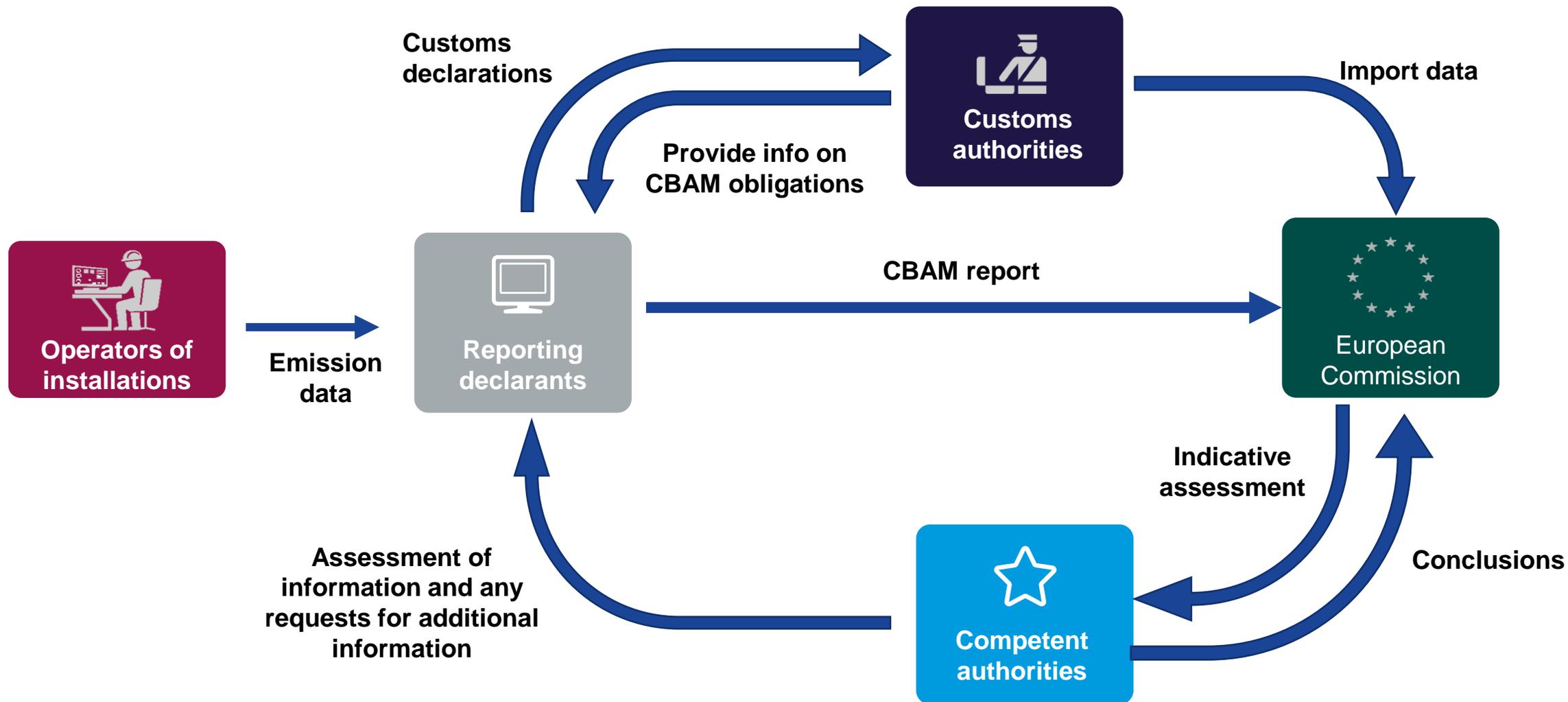
To prevent double charges, importers can **claim a deduction** on CBAM certificates equivalent to any carbon **price paid in the production country**

To qualify for the deduction, **importers must provide evidence of effective carbon pricing in the country of origin** for the emissions embedded in the goods.

STEPS TO COMPLY WITH CBAM OBLIGATIONS



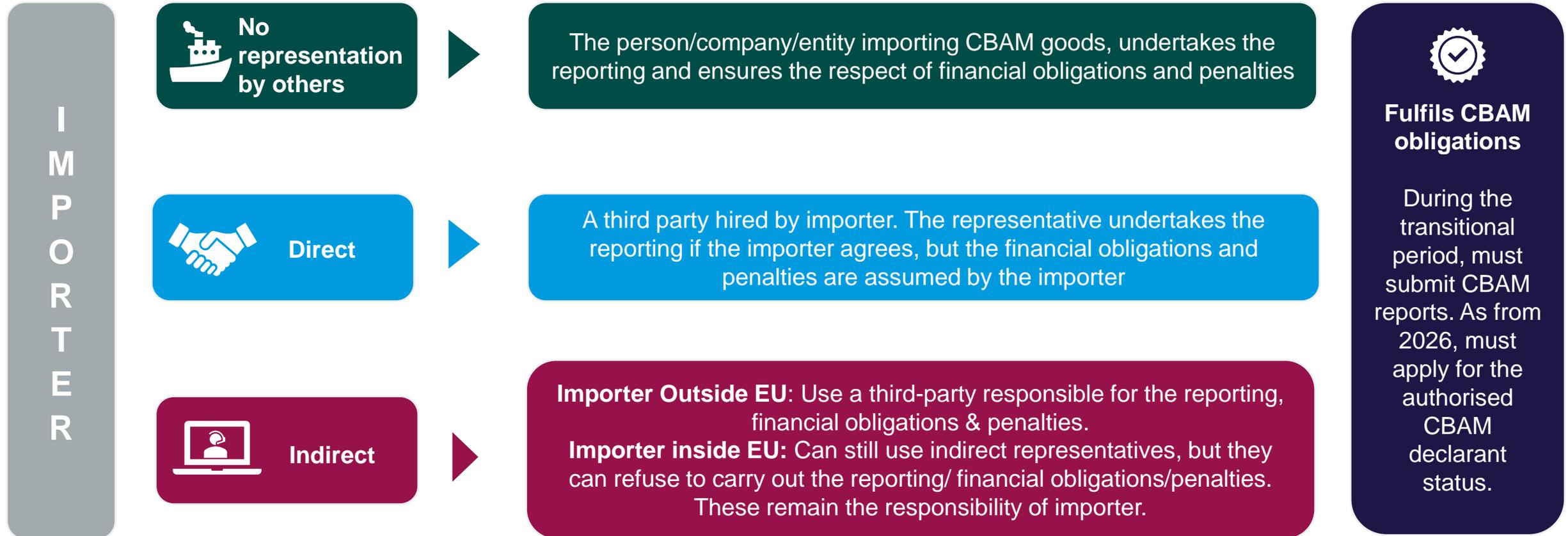
OVERVIEW OF ROLES AND RESPONSIBILITIES



ROLES AND RESPONSIBILITIES – AUTHORISED DECLARANTS

Operators of installations	Reporting declarants	Customs authorities	Competent authorities	European Commission
<ul style="list-style-type: none"> • Collect and furnish data on direct and indirect emissions tied to imported goods. • Data on: <ul style="list-style-type: none"> • production processes • embedded emissions • pertinent factors. 	<ul style="list-style-type: none"> • Compile and submit CBAM reports. • Obtain data from operators. • Analyse and verify data for accuracy and CBAM compliance. • Submit completed CBAM reports to the EC 	<ul style="list-style-type: none"> • Inform reporting declarants of their obligations. • Share import details and CBAM-related data with the EC to aid collaboration and accuracy. 	<ul style="list-style-type: none"> • Verify CBAM reports during the transition. • Feedback is provided to declarants to resolve issues and ensure compliance. • Starting in 2025, authorization is granted to become authorized CBAM declarants. 	<ul style="list-style-type: none"> • Reviews CBAM reports from reporting declarants. • Communicates with competent authorities for improvements during the transition. • Data exchange with customs authorities aids CBAM monitoring, compliance verification, and effectiveness assessment

ROLES AND RESPONSIBILITIES – RULES FOR REPRESENTATIVES (CONT.)



ENFORCEMENT

Penalties for not surrendering the necessary certificates (by May 31 for the preceding year) will be applied.

The amount of those penalties should be identical to penalties currently applied within the Union in case of infringement of EU ETS

Penalties will also be applied if covered goods are **imported by a non-authorized CBAM declarant**

In non-compliance cases, it will be necessary to **purchase and surrender the required number of CBAM certificates in addition to paying the penalties** stipulated under the regulation.

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DATA REQUIRED FOR REPORTING

Data identifying the authorised CBAM declarant

- Name
- CBAM account number

Data on imported goods

- Type and quantity of each good
- Country of origin
- Embedded emissions (direct or indirect)

Information about carbon prices paid abroad

A verification report

- If actual emissions rather than default values

Draft CBAM Report Structure is provided in Annex 1 of the Draft implementing Regulation

CBAM TRANSITIONAL REGISTRY

European Commission | **CBAM**
Carbon Border Adjustment Mechanism

DEMO User
CbamMonitor

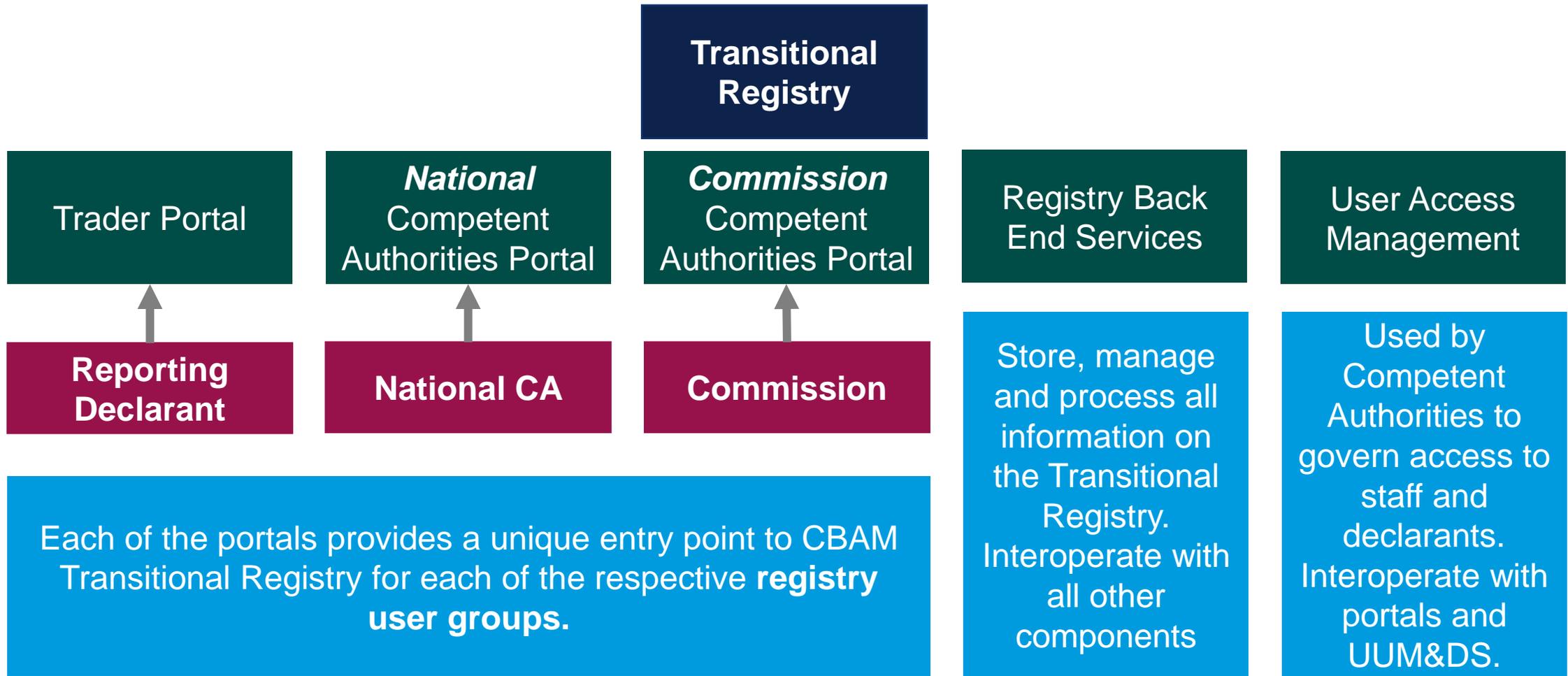
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TRANSITIONAL REGISTRY - STRUCTURE AND DYNAMICS



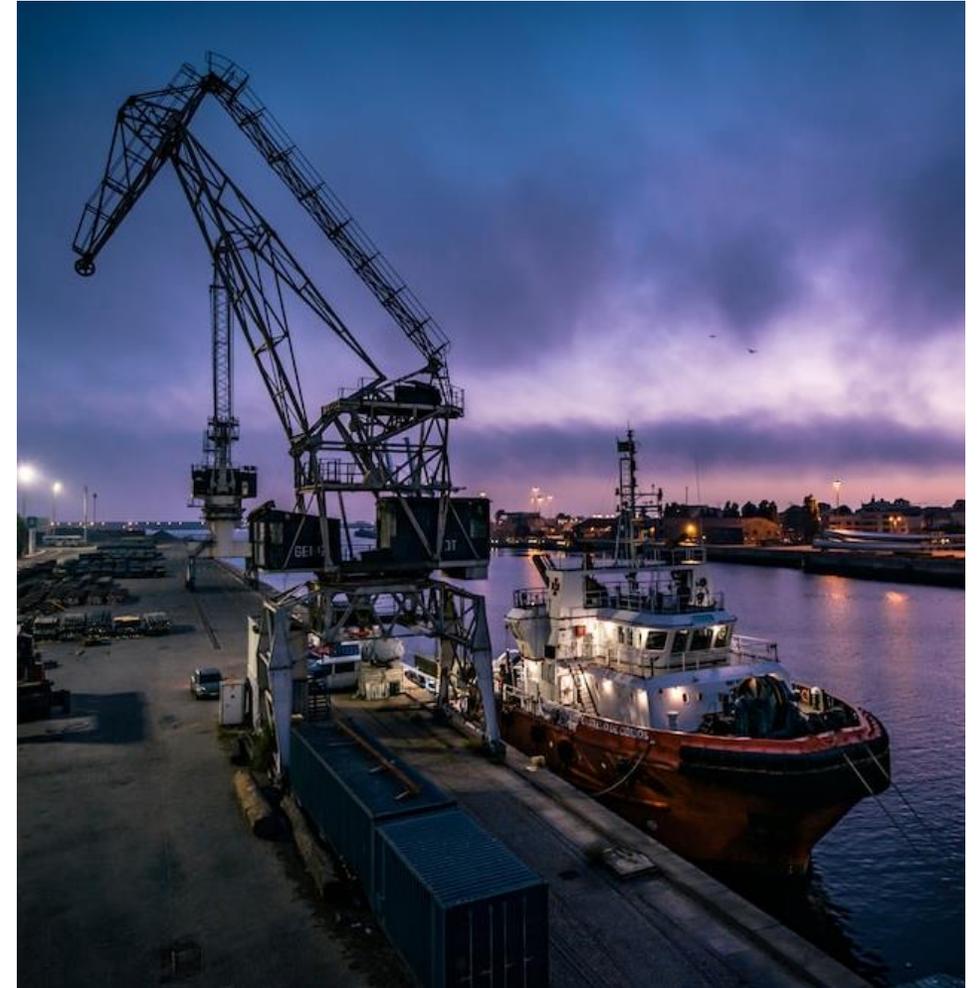
TRANSITIONAL REGISTRY

The CBAM Transitional Registry should be **interoperable with existing customs systems:**

- Uniform User Management and Digital Signature (UUM&DS)
- Economic Operator Registration and Identification (EORI)
- Surveillance system
- TARIC System
- Decentralised systems

Training

- The Commission will support Member states and other users of the Transitional Registry by **providing training material** – expected to be in video format



TIMELINE FOR REPORTING DECLARANTS

Reporting period

3-month period
For example, October
to December 2023.

Report deadline

Report is due **1 month**
after the end of the
reporting period.

3 months

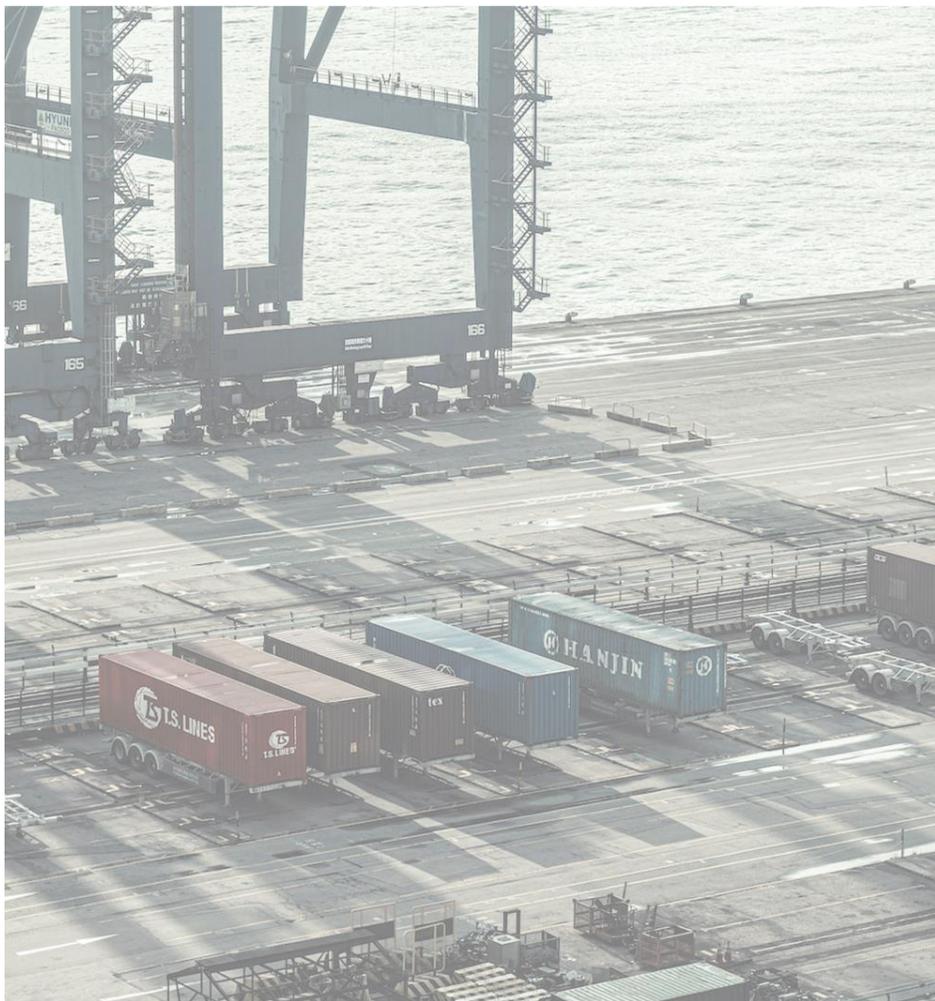
1 month

1 month

Modification period

1 month modification
period after report. First
two reporting periods
have a longer
modification period.

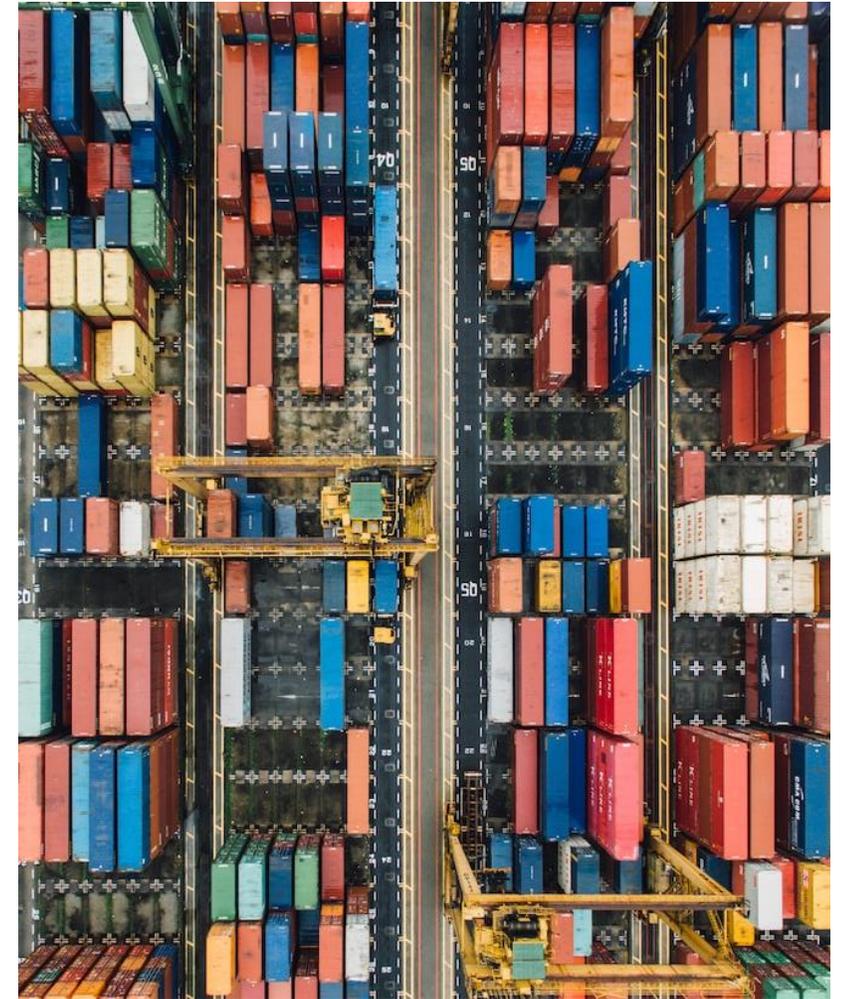
KEY TAKEAWAYS

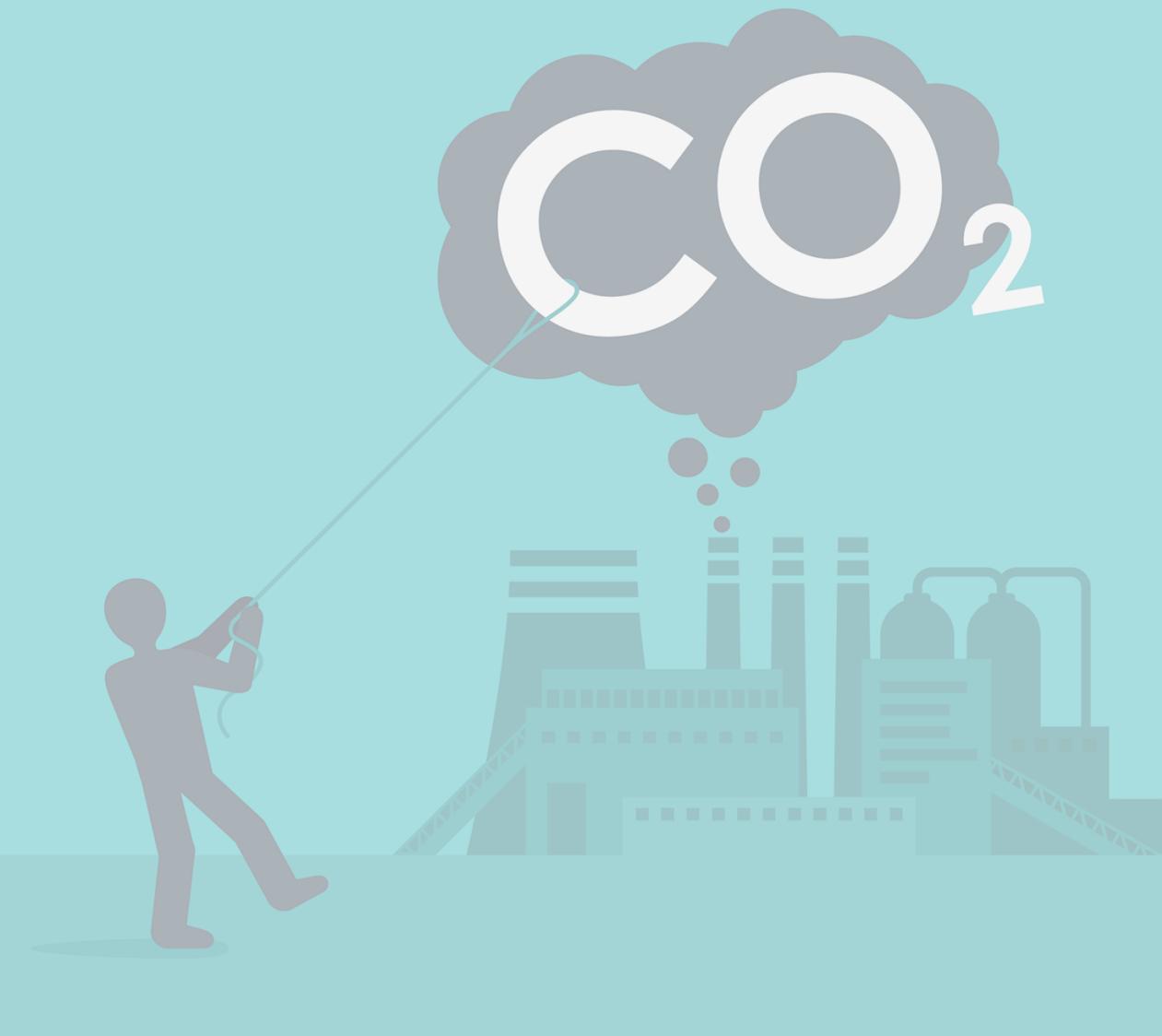


- CBAM will add cost and complexity to many business operations around the globe.
- The CBAM Transitional Period provides a unique opportunity for companies and trade associations to help shape CBAM measures and its processes.
- CBAM will continue to develop and expand until at least 2030 and will demand adaptive responses from the industry.
- Egypt is well-placed to respond to CBAM with its strong trade ties to the EU and plans to establish its own (likely aligned) carbon market.
- Countries and companies with lower carbon intensity and robust reporting systems will have a material competitive advantage over those who don't.

NO REGRET ACTIONS TO TAKE TODAY

- 1. Snapshot assessment:** Evaluate your exposure and understand the carbon intensity and its drivers across your supply chain.
- 2. Monitoring and reporting:** Start collecting and monitoring emissions data today and implement appropriate data management and integration systems.
- 3. Resource review:** Determine which internal expertise, stakeholders, processes, and systems can be geared to respond to CBAM.
- 4. Identify impacts and opportunities:** Identify and mitigate the likely pain points and CBAM cost drivers to minimise the impact of CBAM on your organisation.





MORE INFO AND RESOURCES ON CBAM

- 2 guidance documents
- Communication template between importers and operators
- Link to our E-learning materials through the Customs and Tax EU Learning portal
- Q&A and factsheet
- Recordings of webinars

CBAM COMMUNICATION TEMPLATE FOR INSTALLATIONS

- A. InstData** – General information, production processes and purchased precursors
- B. Emlnst** – Installation's emission at source stream and emission source level
- C. Emissions&Energy** – Installation level GHG emissions and energy consumption
- D. Processes** – Production level and attributed emissions for SEE calculation
- E. PurchPrec"** – Purchased precursors for SEE calculation
- F. Tools** – Tools for facilitating reporting
- G. FurtherGuidance** - Further guidance on specific sections in this template

InstData	Navigation Area:			
	Table of contents	Further Guidance	Summary Processes	Summary Products
	Reporting period	About the installation	Verifier	Goods & precursors
	Purchased precursors			

A. Sheet "A_InstData" - General information, production processes and purchased precursors

1 Reporting period Start: End:

Please enter here the starting date and the end date of the reporting period to which all data entered in this communication template refers to. For example, if you want to report data based on the whole calendar year 2023, the starting date would be 1.1.2023 and the end date 31.12.2023.

It is important that all data entered in this template (embedded emissions, carbon price due, product properties, etc.) all relate to that same reporting period entered above.

2 About the installation

i. Name of the installation (optional):	
ii. Name of the installation (English name):	
iii. Street, Number:	
iv. Economic activity:	
v. Post code:	
vi. P.O. Box:	
vii. City:	
viii. Country:	
ix. UNLOCODE:	
x. Coordinates of the main emission source (latitude):	
xi. Coordinates of the main emission source (longitude):	
xii. Name of authorized representative:	
xiii. Email:	
xiv. Telephone:	

3 Verifier of the report – only if available and not required during transitional period

(a) Name and address of the verifier of this report:

i. Company Name:	
ii. Street, Number:	
iii. City:	
iv. Postcode/ZIP:	
v. Country:	

(b) Authorised representative of the verifier:
The nominated person should be familiar with this report. Ideally it is the lead verifier involved with this report.

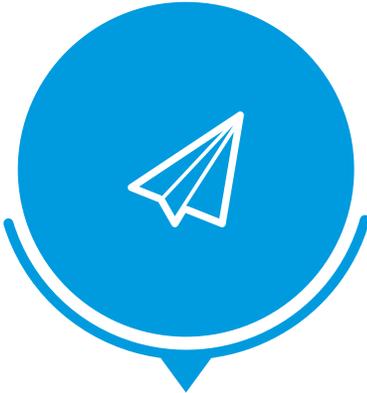
i. Name:	
ii. Email address:	
iii. Telephone number:	
iv. Fax:	

(c) Information about the verifier's accreditation:

i. Accreditation Member State:	
ii. Name of the national accreditation body:	
iii. Registration number issued by the Accreditation body:	



QUESTIONS & DISCUSSION



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