



ARTICLE

FIT FOR 55: ADOPTION OF A CARBON BORDER ADJUSTMENT MECHANISM

European Law | 30/06/23 |



E N E R G Y

Regulation 2023/956 *establishing a carbon border adjustment mechanism* (the “**CBAM Regulation**”) was adopted on May 10th, 2023 and published in the OJEU on May 16th, 2023.

Part of the Fit for 55 legislative package aiming to cut the Union's CO₂ emissions by 55% below 1990 levels by 2030, and to achieve climate neutrality in all sectors of the economy by 2050 at the latest, the CBAM Regulation aims to prevent the risk of carbon leakage, meaning when, for reasons of costs related to climate policies, businesses in industry sectors transfer their production to other countries or import equivalent products from those countries.

The CBAM Regulation therefore establishes a new import regime for certain goods within the customs territory of the Union. It will initially cover products most exposed to the risk of carbon leakage, such as cement, electricity, fertilizers, iron, steel, aluminum and hydrogen.

Henceforth, only a “CBAM” declarant authorized by a national authority whose decision will be recognized in all Member States will be able to import such goods.

The system relies on electronic CBAM certificates, corresponding to one ton of CO₂ equivalent of embedded emissions in goods which will need to be purchased by the importer. The price of these certificates will be calculated by the European Commission based on the average closing prices at EU ETS (European Union Emissions Trading System) each calendar week.

The CBAM Regulation will progressively enter into force between October 1st, 2023 and January 1st, 2026.
