

CALL FOR EVIDENCE FOR AN INITIATIVE (without an impact assessment)

This document aims to inform the public and stakeholders about the Commission's work, so they can provide feedback and participate effectively in consultation activities.

We ask these groups to provide views on the Commission's understanding of the problem and possible solutions, and to give us any relevant information they may have.

TITLE OF THE INITIATIVE	CBAM implementation: rules on the methodology for calculating emissions embedded in CBAM goods; rules on the adjustment of CBAM certificates to reflect the EU ETS free allocation; rules on the deduction of the carbon price paid in a third country
LEAD DG – RESPONSIBLE UNIT(S)	Directorate-General for Taxation and Customs Union, Units C2 and C5
LIKELY TYPE OF INITIATIVE	Three Commission Implementing Regulations laying down specific rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council
INDICATIVE TIMING	Q4 2025
ADDITIONAL INFORMATION	Commission proposal to simplify and strengthen the CBAM Carbon border adjustment mechanism (CBAM): Council and Parliament strike a deal on its simplification - Consilium

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A. Political context, problem definition and subsidiarity check

Political context

As part of the European Green Deal, in 2023 the EU introduced the carbon border adjustment mechanism (CBAM). The CBAM is a climate instrument to prevent carbon leakage. Carbon leakage occurs if, due to carbon costs, EU industry transfers production to third countries with less stringent emission constraints, or imports from these countries replace equivalent products with a lower greenhouse gas emission intensity due to the difference in climate policy. The CBAM currently covers cement, iron and steel, aluminium, fertilisers, electricity and hydrogen. It ensures that imports face the same carbon cost as EU production under the EU Emissions Trading System (EU ETS).

[Regulation \(EU\) 2023/956](#) (the 'CBAM Regulation') provides for a series of implementing acts to be adopted which clarify and harmonise key technical aspects of the CBAM, such as the calculation of embedded emissions (Article 7), adjustments of the CBAM obligation taking into account the carbon price effectively paid in the country of origin of the product (Article 9) and reflecting the EU ETS free allocation between 2026 and 2034 (Article 31).

The current initiative is in line with the Commission's efforts to simplify the CBAM Regulation and make it more cost-efficient. The Commission also aims to provide clarity and legal certainty for businesses, support Member States in their implementation efforts, and improve the overall effectiveness of the CBAM.

Problem the initiative aims to tackle

To prevent carbon leakage, it is crucial for CBAM provisions to be applied consistently and effectively across all Member States. To this end, the Commission will have to adopt several implementing acts that will operationalise the CBAM provisions to ensure that the mechanism functions in its definitive regime, starting from 1 January 2026.

This call for evidence seeks to clarify key technical aspects of the CBAM and gather relevant input from stakeholders. It will effectively inform the three implementing acts to be adopted by the Commission before the definitive regime begins:

1. Implementing act on methodology

This call for evidence seeks to collect additional information for evidence-based decision-making on challenges related to the calculation methodology for the purposes of CBAM in the definitive regime, in particular:

Calculating direct embedded emissions

The Commission is revising the CBAM methodology applicable during the transitional period (2023-2025) to clarify and simplify its application, reduce administrative burdens and facilitate the use of actual emissions. This revision will build on lessons learnt during the transitional period and feedback from stakeholders, and feed into the methodology for the definitive regime (from 2026) that will be specified in the implementing act on methodology. This call for evidence aims to gather additional feedback, data and evidence to inform the Commission's revision of the methodology for calculating direct emissions.

Determining embedded emissions for electricity

The CBAM Regulation mandates the use of CO₂ emission factors as default values for electricity, based solely on fossil fuel-based generation sources. Actual emissions can be reported when certain cumulative conditions are met. Stakeholders have expressed concerns on the current rules, and a separate [call for evidence](#) was launched in relation to those issues. Within the existing legal limits set by the CBAM Regulation, the implementing act on methodology will set out the details of the calculation of the emission factors for the definitive regime, the evidence that must be provided to claim actual emissions and the conditions for using alternative default values.

Determining embedded indirect emissions

Indirect emissions are currently included in the scope of CBAM only for the cement and fertiliser sectors. The Commission is tasked with identifying the most appropriate default values for indirect emissions to ensure environmental integrity and prevent carbon leakage, while also operating within the criteria set out in the CBAM Regulation. In addition, the implementing act on methodology will set out the evidence that must be provided to claim actual values, and the conditions for using alternative default values.

Setting default values

Default values, for goods other than electricity, are intended as a fallback option when actual emissions data are unavailable. The implementing act on methodology aims to set out a fair, transparent and consistent approach to default values, reinforcing the principle that actual emissions should remain the primary basis for CBAM declarations.

2. Implementing act on free allocation

Under the EU ETS Directive, carbon leakage is addressed by allocating free allowances based on specific benchmarks. This allocation will be progressively phased out between 2026 and 2034 for sectors covered by CBAM, in parallel with the gradual phase-in of CBAM. The implementing act on free allocation to be adopted will lay down the rules for calculating the adjustment for free allocation, which is applied as a discount to the CBAM obligation, to reflect the extent to which EU ETS allowances are allocated free of charge. The objective is to ensure that goods produced in the EU and in third countries are treated equally. This call for evidence seeks to collect additional high-quality evidence, information, data and feedback to inform the Commission's decisions on key areas covered by the implementing act, in particular:

Methodology for calculating embedded free allocation

Free allocation under the EU ETS is based on applying specific product benchmarks, as well as fallback and process emission benchmarks, set for each relevant production process. The implementing act on free allocation will mirror the EU ETS free allocation rules that are specified in the [Commission Delegated Regulation \(EU\) 2019/331](#).

Developing CBAM benchmarks derived from EU ETS benchmarks

A key aspect of the methodology is developing CBAM benchmarks for each of the goods covered by the CBAM Regulation. These benchmarks will be derived from the relevant EU ETS benchmarks used to determine the allocation of free allowances within the EU carbon market. A key challenge is to match the EU ETS benchmarks, which apply to installations and specific production processes, to individual CBAM goods. The approach chosen in the implementing act on free allocation should be simple, to avoid a disproportionate administrative burden, and accurate, to reflect the relevant amount of free allocation in imported goods.

3. Implementing act on carbon price paid in a third country This implementing act will allow EU importers to apply for a reduction in the number of CBAM certificates to be surrendered to take into account the carbon price effectively paid in a third country for the declared emissions. It will do so by laying down rules for converting the carbon price paid on a set of emissions under a carbon emission reduction scheme in a third country into a corresponding number of CBAM certificates. This conversion should also include converting the price paid in a foreign currency to euro. These rules should specify the evidence required, including any relevant rebate or other forms of compensation, and lay down clear eligibility rules for third parties certifying this evidence (e.g. their qualifications and the conditions for ascertaining their independence). This call for evidence aims to gather feedback, data and evidence to inform the Commission's decision on the issues referred to in this paragraph.
Basis for EU action (legal basis and subsidiarity check)
Legal basis
Based on Article 291(2) of the Treaty on the Functioning of the European Union ('TFEU') and in accordance with Articles 7(7), 9(4) and 31(2) of Regulation (EU) 2023/956, the Commission is empowered to adopt implementing acts, with the assistance of the CBAM Committee (within the meaning of Article 29 of Regulation (EU) 2023/956).
Practical need for EU action
These three implementing acts are essential to ensure the functioning of the CBAM in its definitive regime starting from 1 January 2026. Action at EU level ensures coherence, avoids market fragmentation and provides legal clarity for businesses and national authorities alike, which cannot be effectively achieved through individual national measures.
B. What does the initiative aim to achieve and how
Likely impacts
Economic impacts: The initiative will affect EU importers and third-country producers of CBAM goods by introducing a revised emissions calculation methodology, based on feedback and lessons learnt from the transitional period. Updated conditions for using actual values are expected to encourage more declarants to choose this option. Conversely, adjusted rules on default values would address third countries' concerns while providing more recent data input and a broader geographical scope. At EU level, the initiative supports the single market by ensuring fair competition between EU and non-EU producers. It may also indirectly influence consumer prices depending on cost pass-through, particularly in energy-intensive sectors. The initiative will also make it clear to CBAM importers how a claim for the deduction of a carbon price can be introduced as part of their CBAM declaration, as well as any discount derived from adjusting the embedded free allocation. The initiative will allow CBAM declarants to anticipate their expected total financial liability under CBAM, after the free allocation adjustment and the deduction of a carbon price effectively paid. The initiative will also clarify who may act as a person certifying the evidence and under which conditions. The initiative will set out the evidence that operators of installations producing CBAM goods exported to the EU will need to make available to CBAM declarants. The initiative will be informed by evidence on the possible impact on third countries and operators of installations in third countries. Environmental impacts: The initiative contributes to climate policy objectives by strengthening the CBAM's role in reducing carbon leakage and promoting global decarbonisation. By increasing the use of accurate emissions data, it increases the environmental integrity of the mechanism and supports industry-level transitions toward cleaner technologies. Impact on simplification and administrative burden: The initiative aims to reduce complexity in reporting for CBAM importers through clearer rules and better alignment with existing methodologies (e.g. international Monitoring, reporting and verification systems, carbon footprint standards). This simplification is expected to make compliance easier for already-prepared operators, though it may still require capacity-building for smaller businesses in countries with limited data infrastructure. Social and fundamental rights impacts are expected to be limited. However, the initiative indirectly supports long-term social goals through its contribution to climate mitigation, industrial innovation and the green transition.
Future monitoring
To oversee the progress of this initiative during its implementation, the results will be monitored and assessed by tracking information contained in the CBAM declarations, which are lodged in the CBAM Registry in accordance

with Article 6 of the CBAM Regulation (emissions declared, carbon price paid, adjustment reflecting ETS free allocation). Monitoring will be done on an ongoing basis as there will be a time lag between the initiative being launched and its effects being measured, insofar as CBAM declarations will be submitted annually (for the preceding calendar year) to the CBAM Registry only from 2027 onwards. This initiative does not introduce new monitoring obligations. It only indicates the rules necessary for the functioning of the CBAM in its definitive regime starting in 2026. Furthermore, according to Article 30(6) of the CBAM Regulation, the Commission will monitor the functioning of CBAM with a view to evaluating the impacts and possible adjustments in its application. Before 1 January 2028, as well as every two years thereafter, the Commission will present a report to the European Parliament and to the Council on the application of this Regulation and functioning of the CBAM. Monitoring will thus inform the evaluation to be conducted by the Commission before 1 January 2028 and will be used for evidence-informed policymaking by tracking and reporting on implementation progress against objectives and targets of CBAM.
C. Better regulation
Impact assessment
An impact assessment is not necessary given the impact assessment carried out in 2021 (SWD/2021/643 final) and the limited, technical scope of these implementing acts. These acts include costs/savings of limited magnitude and aim only to ensure uniform conditions for implementing the CBAM Regulation in the definitive regime starting from 1 January 2026.
Consultation strategy
This call for evidence aims to gather the opinions of all stakeholders on the implementation of the CBAM. It complements the targeted consultations of stakeholders already held as part of ongoing studies (on electricity (as a CBAM good) and on direct and indirect emissions) and DG TAXUD's continuous stakeholder engagement. This call for evidence will be published on the Have your say portal and on the Commission's CBAM site for four weeks. Contributions can be provided in any of the 24 EU official languages. A synopsis report will summarise all consultation results and will be published in due course.
Why we are consulting?
The consultation aims to gather the opinions of all stakeholders on the three areas presented above. Stakeholders are also invited to provide their feedback on the potential social, economic, environmental and administrative impacts. The Commission will consider stakeholders' contributions to this call for evidence in the drafting process of the relevant implementing regulations to be adopted in accordance with Articles 7, 9 and 31 of the CBAM Regulation.
Target audience
The main stakeholders are: all businesses in the EU and stakeholders in partner (non-EU) countries affected by CBAM; national competent authorities of the EU Member States in charge of CBAM implementation; and third-country authorities (including customs authorities), notably those which have adopted or are developing carbon pricing instruments. In line with the European Commission's better regulation policy of developing initiatives informed by the best available knowledge, we also invite scientific researchers, academic organisations, learned societies and scientific associations with expertise in the technical and policy fields linked to this initiative, to submit any relevant published and pre-print scientific research, analyses and data.

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A. Political context, problem definition and subsidiarity check

Political context

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1. Implementing act on methodology

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Calculating direct embedded emissions

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Determining embedded emissions for electricity

The CBAM Regulation mandates the use of CO₂ emission factors as default values for electricity, based solely on fossil fuel-based generation sources. Actual emissions can be reported when certain cumulative conditions are met. Stakeholders have expressed concerns on the current rules, and a separate [call for evidence](#) was launched in relation to those issues. Within the existing legal limits set by the CBAM Regulation, the implementing act on methodology will set out the details of the calculation of the emission factors for the definitive regime, the evidence that must be provided to claim actual emissions and the conditions for using alternative default values.

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Basis for EU action (legal basis and subsidiarity check)
Legal basis Based on Article 291(2) of the Treaty on the Functioning of the European Union ('TFEU') and in accordance with Articles 7(7), 9(4) and 31(2) of Regulation (EU) 2023/956, the Commission is empowered to adopt implementing acts, with the assistance of the CBAM Committee (within the meaning of Article 29 of Regulation (EU) 2023/956).
Practical need for EU action These three implementing acts are essential to ensure the functioning of the CBAM in its definitive regime starting from 1 January 2026. Action at EU level ensures coherence, avoids market fragmentation and provides legal clarity for businesses and national authorities alike, which cannot be effectively achieved through individual national measures.
B. What does the initiative aim to achieve and how
Likely impacts Economic impacts: The initiative will affect EU importers and third-country producers of CBAM goods by introducing a revised emissions calculation methodology, based on feedback and lessons learnt from the transitional period. Updated conditions for using actual values are expected to encourage more declarants to choose this option. Conversely, adjusted rules on default values would address third countries' concerns while providing more recent data input and a broader geographical scope. At EU level, the initiative supports the single market by ensuring fair competition between EU and non-EU producers. It may also indirectly influence consumer prices depending on cost pass-through, particularly in energy-intensive sectors. The initiative will also make it clear to CBAM importers how a claim for the deduction of a carbon price can be introduced as part of their CBAM declaration, as well as any discount derived from adjusting the embedded free allocation. The initiative will allow CBAM declarants to anticipate their expected total financial liability under CBAM, after the free allocation adjustment and the deduction of a carbon price effectively paid. The initiative will also clarify who may act as a person certifying the evidence and under which conditions. The initiative will set out the evidence that operators of installations producing CBAM goods exported to the EU will need to make available to CBAM declarants. The initiative will be informed by evidence on the possible impact on third countries and operators of installations in third countries. Environmental impacts: The initiative contributes to climate policy objectives by strengthening the CBAM's role in reducing carbon leakage and promoting global decarbonisation. By increasing the use of accurate emissions data, it increases the environmental integrity of the mechanism and supports industry-level transitions toward cleaner technologies. Impact on simplification and administrative burden: The initiative aims to reduce complexity in reporting for CBAM importers through clearer rules and better alignment with existing methodologies (e.g. international Monitoring, reporting and verification systems, carbon footprint standards). This simplification is expected to make compliance easier for already-prepared operators, though it may still require capacity-building for smaller businesses in countries with limited data infrastructure. Social and fundamental rights impacts are expected to be limited. However, the initiative indirectly supports long-term social goals through its contribution to climate mitigation, industrial innovation and the green transition.
Future monitoring To oversee the progress of this initiative during its implementation, the results will be monitored and assessed by tracking information contained in the CBAM declarations, which are lodged in the CBAM Registry in accordance

with Article 6 of the CBAM Regulation (emissions declared, carbon price paid, adjustment reflecting ETS free allocation). Monitoring will be done on an ongoing basis as there will be a time lag between the initiative being launched and its effects being measured, insofar as CBAM declarations will be submitted annually (for the preceding calendar year) to the CBAM Registry only from 2027 onwards. This initiative does not introduce new monitoring obligations. It only indicates the rules necessary for the functioning of the CBAM in its definitive regime starting in 2026. Furthermore, according to Article 30(6) of the CBAM Regulation, the Commission will monitor the functioning of CBAM with a view to evaluating the impacts and possible adjustments in its application. Before 1 January 2028, as well as every two years thereafter, the Commission will present a report to the European Parliament and to the Council on the application of this Regulation and functioning of the CBAM. Monitoring will thus inform the evaluation to be conducted by the Commission before 1 January 2028 and will be used for evidence-informed policymaking by tracking and reporting on implementation progress against objectives and targets of CBAM.
C. Better regulation
Impact assessment
An impact assessment is not necessary given the impact assessment carried out in 2021 (SWD/2021/643 final) and the limited, technical scope of these implementing acts. These acts include costs/savings of limited magnitude and aim only to ensure uniform conditions for implementing the CBAM Regulation in the definitive regime starting from 1 January 2026.
Consultation strategy
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Target audience
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Setting default values

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2. Implementing act on free allocation

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Practical need for EU action These three implementing acts are essential to ensure the functioning of the CBAM in its definitive regime starting from 1 January 2026. Action at EU level ensures coherence, avoids market fragmentation and provides legal clarity for businesses and national authorities alike, which cannot be effectively achieved through individual national measures.
B. What does the initiative aim to achieve and how
Likely impacts Economic impacts: The initiative will affect EU importers and third-country producers of CBAM goods by introducing a revised emissions calculation methodology, based on feedback and lessons learnt from the transitional period. Updated conditions for using actual values are expected to encourage more declarants to choose this option. Conversely, adjusted rules on default values would address third countries' concerns while providing more recent data input and a broader geographical scope. At EU level, the initiative supports the single market by ensuring fair competition between EU and non-EU producers. It may also indirectly influence consumer prices depending on cost pass-through, particularly in energy-intensive sectors. The initiative will also make it clear to CBAM importers how a claim for the deduction of a carbon price can be introduced as part of their CBAM declaration, as well as any discount derived from adjusting the embedded free allocation. The initiative will allow CBAM declarants to anticipate their expected total financial liability under CBAM, after the free allocation adjustment and the deduction of a carbon price effectively paid. The initiative will also clarify who may act as a person certifying the evidence and under which conditions. The initiative will set out the evidence that operators of installations producing CBAM goods exported to the EU will need to make available to CBAM declarants. The initiative will be informed by evidence on the possible impact on third countries and operators of installations in third countries. Environmental impacts: The initiative contributes to climate policy objectives by strengthening the CBAM's role in reducing carbon leakage and promoting global decarbonisation. By increasing the use of accurate emissions data, it increases the environmental integrity of the mechanism and supports industry-level transitions toward cleaner technologies. Impact on simplification and administrative burden: The initiative aims to reduce complexity in reporting for CBAM importers through clearer rules and better alignment with existing methodologies (e.g. international Monitoring, reporting and verification systems, carbon footprint standards). This simplification is expected to make compliance easier for already-prepared operators, though it may still require capacity-building for smaller businesses in countries with limited data infrastructure. Social and fundamental rights impacts are expected to be limited. However, the initiative indirectly supports long-term social goals through its contribution to climate mitigation, industrial innovation and the green transition.
Future monitoring To oversee the progress of this initiative during its implementation, the results will be monitored and assessed by tracking information contained in the CBAM declarations, which are lodged in the CBAM Registry in accordance

with Article 6 of the CBAM Regulation (emissions declared, carbon price paid, adjustment reflecting ETS free allocation). Monitoring will be done on an ongoing basis as there will be a time lag between the initiative being launched and its effects being measured, insofar as CBAM declarations will be submitted annually (for the preceding calendar year) to the CBAM Registry only from 2027 onwards. This initiative does not introduce new monitoring obligations. It only indicates the rules necessary for the functioning of the CBAM in its definitive regime starting in 2026. Furthermore, according to Article 30(6) of the CBAM Regulation, the Commission will monitor the functioning of CBAM with a view to evaluating the impacts and possible adjustments in its application. Before 1 January 2028, as well as every two years thereafter, the Commission will present a report to the European Parliament and to the Council on the application of this Regulation and functioning of the CBAM. Monitoring will thus inform the evaluation to be conducted by the Commission before 1 January 2028 and will be used for evidence-informed policymaking by tracking and reporting on implementation progress against objectives and targets of CBAM.
C. Better regulation
Impact assessment
An impact assessment is not necessary given the impact assessment carried out in 2021 (SWD/2021/643 final) and the limited, technical scope of these implementing acts. These acts include costs/savings of limited magnitude and aim only to ensure uniform conditions for implementing the CBAM Regulation in the definitive regime starting from 1 January 2026.
Consultation strategy
This call for evidence aims to gather the opinions of all stakeholders on the implementation of the CBAM. It complements the targeted consultations of stakeholders already held as part of ongoing studies (on electricity (as a CBAM good) and on direct and indirect emissions) and DG TAXUD's continuous stakeholder engagement. This call for evidence will be published on the Have your say portal and on the Commission's CBAM site for four weeks. Contributions can be provided in any of the 24 EU official languages. A synopsis report will summarise all consultation results and will be published in due course.
Why we are consulting?
The consultation aims to gather the opinions of all stakeholders on the three areas presented above. Stakeholders are also invited to provide their feedback on the potential social, economic, environmental and administrative impacts. The Commission will consider stakeholders' contributions to this call for evidence in the drafting process of the relevant implementing regulations to be adopted in accordance with Articles 7, 9 and 31 of the CBAM Regulation.
Target audience
The main stakeholders are: all businesses in the EU and stakeholders in partner (non-EU) countries affected by CBAM; national competent authorities of the EU Member States in charge of CBAM implementation; and third-country authorities (including customs authorities), notably those which have adopted or are developing carbon pricing instruments. In line with the European Commission's better regulation policy of developing initiatives informed by the best available knowledge, we also invite scientific researchers, academic organisations, learned societies and scientific associations with expertise in the technical and policy fields linked to this initiative, to submit any relevant published and pre-print scientific research, analyses and data.