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Committee on Trade and Environment

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## CARBON BORDER ADJUSTMENT MECHANISM

### COMMUNICATION FROM THE EUROPEAN UNION

The following communication, dated 4 September 2023, is being circulated at the request of the Delegation of the European Union.

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1. The EU would like to inform the Members of the Committee on Trade and Environment that on 17 August 2023 the EU following a public consultation adopted the **Implementing Regulation on the reporting obligations during the transitional period of the carbon border adjustment mechanism during its transitional phase** (1 October 2023 – end of 2025), and published guidance for EU importers and third country producers on their practical implementation.
  2. The adopted [Implementing Regulation](#) details the transitional reporting obligations for EU importers of CBAM goods, as well as the transitional methodology for calculating embedded emissions released during the production process of CBAM goods. During the CBAM's transitional phase, traders will only have to report on the emissions embedded in their imports subject to the mechanism without paying any financial adjustment. This will give adequate time for businesses to prepare in a predictable manner, while also allowing for the definitive methodology to be fine-tuned by 2026.
  3. To help both importers and third country producers, the EU also published guidance for EU importers and non-EU installations on the practical implementation of the new rules. While importers will be asked to collect fourth quarter data as of 1 October 2023, their first report will only have to be submitted by 31 January 2024.
  4. Dedicated IT tools to help importers perform and report these calculations are currently being developed, as well as training materials, webinars and tutorials to support businesses when the transitional mechanism begins.
  5. As per the EU's previous communication on the CBAM, the Regulation entered into force 17 May 2023 on the day following that of its publication in the Official Journal of the European Union, and it will start to apply from 1 October 2023, except for:
    - a. Articles 5, 10, 14, 16 and 17 which will apply from 31 December 2024; and
    - b. Article 2(2) and Articles 4, 6 to 9, 15 and 19, Article 20(1), (3), (4) and (5), Articles 21 to 27 and 31 which will apply from 1 January 2026.
  6. CBAM will be introduced gradually, from October 2023 until the end of 2025, only reporting obligations under the Regulation will apply. The transitional period will involve extensive consultation of stakeholders, including international partners to increase our mutual understanding of the instrument.
  7. You can also find [here](#) the relevant press release.

8. The text of the CBAM Regulation can now be found on the eur-lex website:

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2023.130.01.0052.01.ENG&toc=OJ%3AL%3A2023%3A130%3ATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2023.130.01.0052.01.ENG&toc=OJ%3AL%3A2023%3A130%3ATOC)

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