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NOTE

From:	European Commission
To:	Delegations
No. prev. doc.:	ST 16060/22 ST 10871/21
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a carbon border adjustment mechanism - Updated legislative financial statement

Delegations will find attached the updated legislative financial statement concerning the establishment of the Carbon Border Adjustment Mechanism (initial legislative financial statement was circulated in doc. ST 10871/21).

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Carbon Border Adjustment Mechanism.

1.2. Policy area(s) concerned

Climate policy.

1.3. The proposal/initiative relates to:

☒ **a new action**

☐ **a new action following a pilot project/preparatory action¹**

☐ **the extension of an existing action**

☐ **a merger or redirection of one or more actions towards another/a new action**

1.4. Objective(s)

1.4.1. General objective(s)

In light of the EU's increased climate ambitions, the introduction of a CBAM has the overarching objective of addressing climate change by reducing GHG emissions in the EU and globally.

1.4.2. Specific objective(s)

Specific objective

The overarching objective of addressing climate change is further articulated in a number of specific objectives, namely:

(i) Addressing the risk of carbon leakage under increased EU ambition.

(ii) Contributing to the provision of a stable and secure policy framework for investments in low or zero carbon technologies.

¹ As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

- (iii) Ensuring that domestic production and imports are subject to similar level of carbon pricing.
- (iv) Encouraging producers in third countries who export to the EU to adopt low carbon technologies.
- (v) Ensuring that the measure is effective, minimising the risk of being circumvented, thus providing environmental integrity.
- (vi) Ensuring a proportionate administrative burden for businesses and public authorities in the application of the measure.

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The introduction of a CBAM envisages a reduction in greenhouse gas emissions both in the EU-27 and in the rest of the world in the sectors covered by CBAM. The CBAM is also expected to reduce the risks of carbon leakage, therefore gradually replacing the free allocation of allowances under the EU ETS.

As regards economic impacts, the modelling indicates that the introduction of a CBAM and other measures needed to reach the EU's increased climate ambitions could lead to a GDP contraction for the EU 27 by 0.22 % to 0.23 % in 2030. Impact on the investment side is modest. On the consumption side CBAM appears to have a slightly stronger negative effect relative to the scenario of increased climate ambition and no CBAM.

By effectively reducing carbon leakage, the introduction of a CBAM leads to a reduction in imports in the EU 27. Overall, the social impacts of CBAM are limited.

Administrative impacts on the Commission, businesses national authorities, are expected. Altogether, compliance costs for businesses and authorities, while significant, are expected to be proportionate, and manageable in light of the environmental benefits of the measure.

While revenue generation is not an objective of CBAM is expected to generate additional revenue, which for 2030 is estimated at above EUR [2.1 billion to be updated].

1.4.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

Objectives	Indicators	Measurement tools/data sources
Reduce GHG emissions	<ul style="list-style-type: none"> – Level of emissions in the EU – Level of emissions globally 	<ul style="list-style-type: none"> – Emission statistics – Sector statistics
Incentivise cleaner production processes in third countries	<ul style="list-style-type: none"> – Evolution of actual emissions for CBAM sectors in third countries 	<ul style="list-style-type: none"> – Level of emissions demonstrated by third country producers subject to CBAM
Prevent carbon leakage	<ul style="list-style-type: none"> – As indicators of GHG emissions above – Level of emissions in the EU relative to level of emissions globally – Trade flows in CBAM sectors – Trade flows downstream 	<ul style="list-style-type: none"> – Emission statistics – Trade statistics – Sector statistics
Ensure consistency with EU policies	<ul style="list-style-type: none"> – Import certificates price in line with the price in the EU ETS 	<ul style="list-style-type: none"> – Statistics from EU ETS and CBAM authorities
Limit administrative burden	<ul style="list-style-type: none"> – Timely treatment of CBAM enforcement (e.g. possible reconciliation procedure) – Frequency of updating EU ETS pricing – Checks of actual level of emissions by exporter 	<ul style="list-style-type: none"> – Feedback from industry and public authorities responsible for CBAM implementation – Number of staff necessary for CBAM administration
– Protect the EU financial interests by efficient anti-fraud action	<ul style="list-style-type: none"> – Effective and efficient anti-fraud actions 	<ul style="list-style-type: none"> – Number of controls/control rate (number of controls/number of annual declarations); number of positive controls; amount of resources recovered –

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The CBAM will be introduced from October 2023. A simplified system of the CBAM scheme will be in place through the end of 2025. Specifically, a transitional period (dry-run for data collection) will apply to facilitate the smooth roll out of the CBAM and allow traders and importers to adjust.

Commission services will be in charge of implementing and enforcing CBAM both during the transition period (2023-2025) and during the definitive phase (from 2026).

During the transition period this will imply collecting information from importers of CBAM goods in the EU on the embedded GHG emissions of these goods and analysing data.

The Carbon Border Adjustment Mechanism (CBAM) calls for a progressive introduction of the different functions necessary for its effective implementation. Firstly, a number of reports and reviews need to be prepared in order to facilitate the financial obligation to be set in place. Recognizing this, the draft CBAM regulation foresees its implementation in two consecutive periods: the Transitional Period from October 2023 until end of 2025 and the Definitive Period as from early 2026.

During the Transitional Period the obligation placed on importers and the EU Authorities (customs) will be limited to the filing of the quarterly CBAM reports in addition of the Import declarations.

During the transitional period, transitional information management system (CBAM Transitional Period – CBAM TP) will need to be in place to support the submission and collection of quarterly reports, as well as the assimilation of data from each report into an aggregated database, to allow for their effective analysis for the purposes of reporting in line with the provisions of the Regulation.

Additionally, during the transitional period, customs authorities should inform customs declarants of the obligation to report information, so as to contribute to the gathering of information as well as to the awareness on the need to request the status of authorised declarant when applicable (before the first importation of CBAM goods from 1 January 2026).

The Definitive Period is planned to start on the 01.01.26 for the core CBAM declaration and certificates management services as listed here and one year earlier for authorised declarants registration and processing of CBAM authorisations by the competent authorities:

- Importers of CBAM goods should only be entitled to import these goods after they have been granted an authorisation by competent authorities, or if they would appoint a representative authorised as CBAM declarant. Customs authorities should not allow the importation of CBAM goods without a authorised CBAM declarant being involved.

Furthermore, the customs authorities may carry out checks on the goods, including with respect to the identification of the authorised CBAM declarant, the eight-digit CN code, the quantity and the country of origin of the imported goods, the date of declaration and the customs procedure. The Commission should include the risks relating to CBAM in the design of the common risk criteria and standards pursuant to Article 50 of Regulation (EU) No 952/2013

- The CBAM should be based on a declarative system where an authorised CBAM declarant, who may act on its own behalf or represent one or more importers, submits annually a declaration of the embedded emissions in the goods imported to the customs territory of the Union and surrenders a number of CBAM certificates corresponding to those declared emissions.
- An authorised CBAM declarant should be allowed to claim a reduction in the number of CBAM certificates to be surrendered corresponding to the carbon price already effectively paid for those emissions in other jurisdictions.
- The embedded declared emissions should be verified by a person accredited by an EU national accreditation body
- The CBAM central system should allow operators of production installations in third countries to register in the CBAM registry and to make their verified embedded GHG emissions from production of goods available to authorised CBAM declarants. The Commission should manage the CBAM registry containing data on the authorised CBAM declarants, operators and installations in third countries.
- To reduce the risk of carbon leakage the Commission should take action to address practices of circumvention
- For the sale and re-purchase of CBAM certificates a common central platform should be established. For the purpose of oversight of the transactions on the common central platform, the Commission should facilitate the exchanges of information and the cooperation between competent authorities, and between those authorities and the Commission. Additionally, a swift flow of information between the common central platform and the CBAM registry should be established.

- The Commission should carry out risk-based controls and should review the content of the CBAM declarations accordingly. For enforcement purposes, Member States may also carry out reviews of individual CBAM declarations. The conclusions of the reviews of individual CBAM declarations should be shared with the Commission and should be made available to other competent authorities in the CBAM registry.
- Member States should be responsible for the correct establishment and collection of revenues arising from the application of this Regulation.

Therefore, during the definitive period the number of tasks attributed to the EC increase drastically, requiring an increase in staffing needs. The tasks carried out by this team will include the supervision of authorisation of CBAM declarants made by MS competent authorities, the management of the central database and central registry, coordination and information exchange with MS competent authorities, review of declarations and oversight of the external platform and lastly, tasks requiring legal competencies such as litigation and recovery and financial responsibility oversight. The structure of the team is further defined below.

EC services will define in 2023 the sourcing strategy that will be followed for the delivery of the CBAM system.

During the definitive period the Commission will be in charge of the majority of the tasks resulting from the CBAM regulation.

CBAM IT Budget

The CBAM Budget to be engaged/ committed for the period 2023-2027 have been assessed at 101,74 M€. The CBAM IT budget encompasses Analysis & Development services, Deployment services, Operations services, cloud services and/or on premises hardware and software licenses for the Transitional and Definitive CBAM System as detailed below :

- The CAPEX cost has been estimated based on the actual budget engaged and the budget authorised by EC IT Corporate Governance in the form of approved Vision Documents for the following past projects of DG TAXUD IT projects, due to their similarities in terms of IT Architecture Model: CDS, CRMS2, SURV3, REX, CSRD2, EBTI, Customs Trans-European Declaration Management Systems developed and operated by DG TAXUD.

- The OPEX cost has been assessed on the basis of the current annual infrastructure and operational costs of DG TAXUD, their provisions for IT infrastructure, IT Support and Service Desk activities for the production systems delivered by the projects referenced above.
- The pricing is based on the current Framework Contracts pricing in place

In the IT Policy budget line, the budget of the joint procurement between the COM and MS of the platform for buying and selling of certificates for managing operations is not included.

The CBAM team would consist of 90 EC staff (including 15 IT staff) from 2027 onwards.

Tasks attributed to the European Commission and shared with MS for the implementation of CBAM	Number of staff required to carry out said task				
	Transitional Period (2023)	Transitional Period (2024)	Transitional Period (2025)	Transitional Period (2026)	Definitive period (2027)
Authorisation of CBAM declarants	0	0	1	2	2
Management and registration of information in the central database of installations outside the EU	0	0	0	3	5
Management of central registry including accounts (surrendering of certificates, including 80% rule, cancellation)	0	0	0,5	3	5
Coordination and information exchange between the competent authorities and customs	0	1	1	1	1
Check and control for irregularities Risk-based controls and maintenance of an independent transaction log and inform MS of irregularities	0	0	0	3	5
<u>Oversight and review of declarations and emission reports:</u> 1. Oversight of the automated step of checking through the declarations	0	0	0	8	25

2. Review of declarations (embedded emissions calculations, obligations of certificates, deduction of carbon price paid abroad and FA) + Assessment of unsubmitted CBAM certificates					
3. Review of emissions reports	0	0	0	10	10
Setting up risk-based factors for the review of the declarations	0	1	1	1	1
Penalties	0	0	0	2	2
Oversight, monitoring and management of the external platform for buying and selling and calculation of price of CBAM certificates	0	0	0	2	2
Review and reporting obligations by the end of the transitional period including assessment of transitional period reports	0	7	13,5	0	0
Reports to be drafted	3	3	3	3	3
Litigation and recovery	3	3	3	6	8
Financial responsibility oversight					
Contracts and HR					
Drafting of secondary legislation (Implementing and Delegated Acts)	3	3	3	3	3

Outreach and Training	2	2	2	2	2
Methodology for calculating embedded emissions	1	1	1	1	1
Total number of staff CBAM team (excluding IT)	12 staff	21 staff	29 staff	50 staff	75 staff

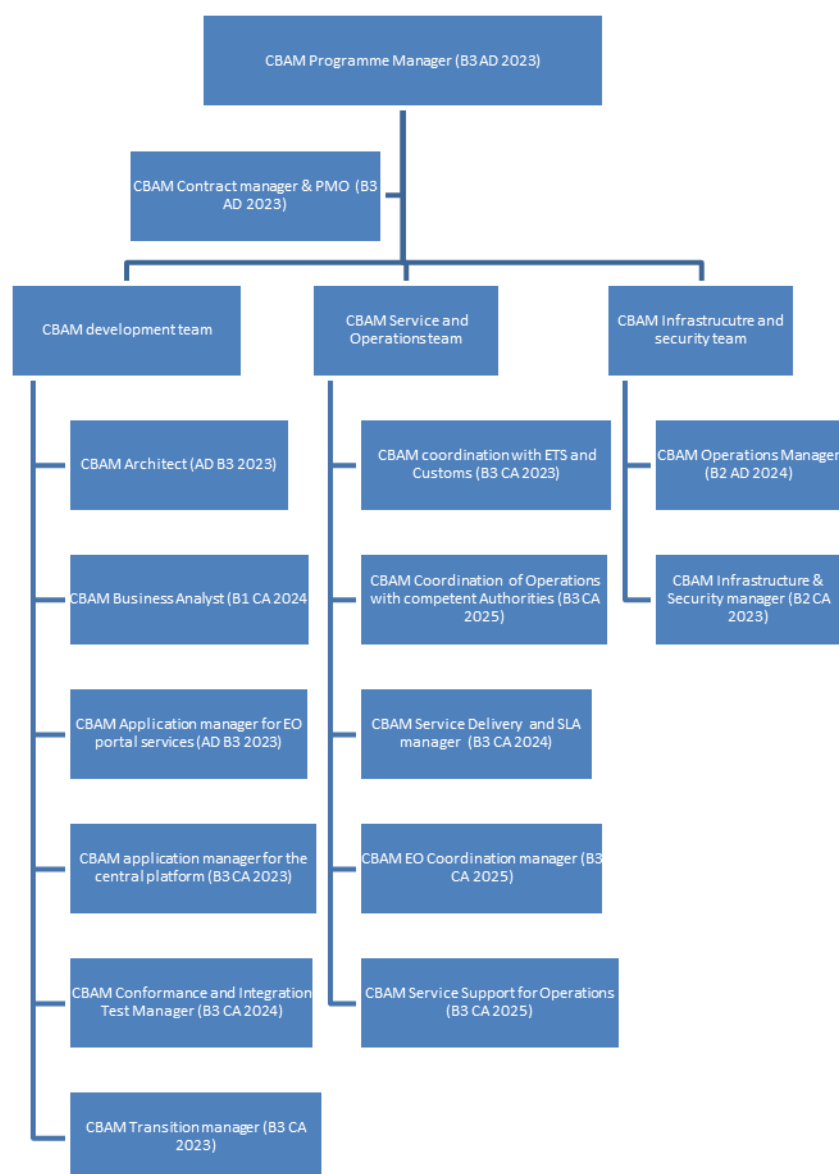
The breaking down of total staff, including IT staff, from 2023 to 2027 would be the following:

Year	2023	2024	2025	2026	2027
No of Total Resources	20	33	44	65	90
CBAM team	12	21	29	50	75
IT CBAM team	8	12	15	15	15

The strategic importance, the magnitude and complexity of the CBAM IT project require a dedicated CBAM IT team to be established to manage the overall project implementation and operations.

The CBAM IT team consists of 15 members of specialised IT profiles for defining and managing CBAM IT System Architecture and Project Organisation and planning, the activities in terms of development, deployment, the organisation of the Service Model, the management of operations and support in front of Trade, COM services, climatic and Customs authorities, in parallel of the Transitional and definitive CBAM IT systems

The CBAM IT team would consist of 15 EC staff structured as presented in the graph below:



The proposed plan of deploying the CBAM IT team is the following:

Year	2023	2024	2025	2026	2027
No of Resources	8	12	15	15	15
AD	4	5	5	5	5
CA	4	7	10	10	10

- 1.5.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.*

Reasons for action at European level (ex-ante) Reducing GHG emissions is fundamentally a trans-boundary issue that requires effective action at the largest possible scale. The EU as a supranational organisation is well-placed to establish effective climate policy in the EU, like it has done with the EU ETS.

There exists already a harmonised carbon price at EU level. This consists of the price resulting from the EU ETS for the sectors covered by the system. The only meaningful way to ensure equivalence between the carbon pricing policy applied in the EU's internal market and the carbon pricing policy applied on imports is to take action at the level of the Union.

. Any initiative needs to be implemented in a way that provides importers, regardless of country of origin and port of entry or destination within the EU, with uniform conditions and incentives for GHG emission reductions that are equivalent to those of domestic producers. The single effective way to do this is by taking action at the level of the EU.

Expected generated Union added value (ex-post): In parallel to the EU ETS, reduction of GHG emissions and protection against the risk of carbon leakage in the EU single market can be established most adequately at the EU level. Additionally, the need for minimal administrative costs is best achieved by establishing consistent rules for the entire single market, further underlining the added value of an intervention at the EU level.

The public consultation has confirmed the added value of taking action on the CBAM at the EU level. In particular, stakeholders agree that an EU CBAM is needed due to existing

differences of ambition between the EU and the rest of the world and in order to support the global climate efforts. In addition, in view of the EU's position in international trade, if it introduces a CBAM the environmental effect on international climate ambitions will be most effective as a potential example to follow.

Thus, the objective of reducing emissions and climate neutrality requires – without equally ambitious global policies – action by the European Union.

1.5.3. Lessons learned from similar experiences in the past

The CBAM is a new mechanism. The preferred option in the Impact Assessment draws from the EU Emissions Trading System and aims at replicating some of its features.

If sufficient resources are not made available to enforce CBAM correctly, there is a serious risk that businesses will avoid CBAM.

1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments

In the interinstitutional agreement of 16 December 2020, signed in the context of the negotiations, the European Parliament, the Council and the Commission agreed that "the institutions will work towards introducing sufficient new own resources with a view to covering an amount corresponding to the expected expenditure related to the repayment" of NextGenerationEU¹. As part of the mandate received, the Commission was invited to put forward a proposal for a CBAM in the first semester of 2021.

The final agreement by co-legislators foresees that most of the implementation and enforcement of CBAM will be the responsibility of the Commission. Therefore, in order to ensure the correct deployment of the proposal the appropriate financing means need to be made available within the current MFF.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Implementation costs for CBAM will be financed by the EU budget.

¹ Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433I, 22.12.2020, p. 28).

1.6. Duration and financial impact of the proposal/initiative

☐ limited duration

- ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ Financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

× unlimited duration

- Implementation with a start-up period from 1 January 2023
- followed by full-scale operation.

1.7. Management mode(s) planned²

✓ Direct management by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies.

☐ Shared management with the Member States

☐ Indirect management by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☐ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation;
- ☐ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

² Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

- *If more than one management mode is indicated, please provide details in the ‘Comments’ section.*

Comments

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The Commission will ensure that arrangements are in place to monitor and evaluate the functioning of the CBAM and evaluate it against the main policy objectives. Given that CBAM is one of the policy proposals under the ‘Fit for 55 Package’, monitoring and evaluation could be carried out in alignment with the other policies of the package.

The administration system should be evaluated after the first year of operation to identify any issues also in terms of governance and potential improvements. In addition, when more data is available, the Commission will also review the scope of the CBAM to examine the possibility of extending it to cover emissions of additional sectors and further down the value chain. For this, it is necessary to monitor the effect of CBAM on the shortlisted sectors.

2.2. Management and control system(s)

2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

A significantly centralised set-up allows a very uniform and efficient implementation of CBAM across the EU including in Member states with more limited administrative capacity on climate issues. The majority of the implementation and enforcement functions have been attributed to Commission services. These also require an increased number of control functions in order to ensure the correct implementation and management of the CBAM. The Commission has also foreseen an increased number of measures for fraud prevention.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The proposed CBAM will be based on a declarative system, which entails the risk of non-declaration or misdeclaration.

In order to address the risk of non-declaration, the system requires an authorisation before importing goods in the scope of the Regulation. National customs authorities will be in charge of

enforcing this rule by not releasing into free circulation these goods as long as the declarant is not authorised according to this Regulation.

In order to address the risk of misdeclaration a system of auditing on risk assessment criteria as well as random audits will be in place coupled with sanctions set up as a sufficiently high level to serve as deterrent. Auditing will take place both at the level of CBAM declaration by the national authorities and at the level of import declarations by customs authorities.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

Commission services will control the correct application of CBAM, in particular the surrender of CBAM certificates. A strong risk management system will be applied to ensure cost-effective controls.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties.

Efficient anti-fraud action requires active cooperation, including knowledge-sharing and exchange of information, between customs authorities and competent authorities, both at national level and EU level; it may also require cooperation with third countries.

A specific attention should be drawn to non-reliable economic operators (e.g. shell company, missing traders) and cross-border trade inside the EU.

Quick anti-fraud action should be put in place to react to new/newly detected fraud risks. Authorities in charge should report and share knowledge on fraudulent patterns.

An authorised declarant who fails to surrender, by 31 May of each year, a number of CBAM certificates corresponding to the emissions embedded in goods imported during the previous year

or submits to the national competent authority false information related to actual emissions with a view to obtain a favourable individual treatment, shall be held liable for the payment of a penalty.

The amount of the penalty will be based on penalties in the EU ETS. Payment of the penalty shall not release the authorised declarant from the obligation to surrender the outstanding number of CBAM certificates to the national competent authority.

In case of repeated offences, the national competent authority may decide to suspend the account of the declarant.

IMPLEMENTING ACTS WILL PROVIDE MORE DETAIL ON THE APPLICATION OF PENALTIES³. ESTIMATED FINANCIAL IMPACT OF THE EP PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ¹	from EFTA countries ²	from candidate countries ³	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
7	20 01 02 01	Non-diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation

¹ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

² EFTA: European Free Trade Association.

³ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3	09 20 06 - – Carbon Border Adjustment Mechanism	Diff.	NO	NO	NO	NO
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3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places): Current Prices

Heading of multiannual financial framework	3	Natural resources and environment (IT)
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DG: TAXUD								
○ Operational appropriations								
			2023	2024	2025	2026	2027	TOTAL
Budget line ¹	Commitments	(1a)	11,850	16,240	26,400	24,850	22,400	101,740
	Payments	(2a)	5,350	12,180	18,840	24,910	24,270	85,550
TOTAL appropriations for DG TAXUD	Commitments	=1a	11,850	16,240	26,400	24,850	22,400	101,740
	Payments	=2a	5,350	12,180	18,840	24,910	24,270	85,550

¹ According to the official budget nomenclature.

Heading of multiannual financial framework	7	‘Administrative expenditure’
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EUR million (to three decimal places): Current Prices

		2023	2024	2025	2026	2027	TOTAL 2021 -2027 MFF
DG: TAXUD							
○ Human resources		3,100	4,683	5,684	7,915	10,590	31,972
○ Other administrative expenditure – Missions		0,402	0,602	1,302	1,288	0,352	3,946
TOTAL DG TAXUD	Appropriations	3,502	5,285	6,986	9,204	10,942	35,918

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	3,502	5,285	6,986	9,204	10,942	35,918
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EUR million (to three decimal places): Current Prices

		2023	2024	2025	2026	2027	TOTAL
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							2021 – 2027 MFF
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework	Commitments	15,352	21,525	33,386	34,053	33,341	137,658
	Payments	8,852	17,465	25,826	34,114	35,212	121,468

3.2.2. Summary of estimated impact on Commission's administrative appropriations

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
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HEADING 7 of the multiannual financial framework						
Human resources	3,100	4,683	5,684	7,915	10,590	31,972
Other administrative expenditure	0,402	0,602	1,302	1,288	0,352	3,946
Subtotal HEADING 7 of the multiannual financial framework	3,502	5,285	6,986	9,204	10,942	35,918

TOTAL	3,502	5,285	6,986	9,204	10,942	35,918
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.2.1. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources.
- ☒ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

	2023	2024	2025	2026	2027	Total ¹
○ Establishment plan posts (officials and temporary staff)						
20 01 02 01 (Headquarters and Commission's Representation Offices)	16	21	21	15	30	30
20 01 02 03 (Delegations)						
01 01 01 01 (Indirect research)						
01 01 01 11 (Direct research)						
Other budget lines (specify)						
○ External staff (in Full Time Equivalent unit: FTE)²						
20 02 01 (AC, END, INT from the 'global envelope')	4	12	23	40	60	60
20 02 03 (AC, AL, END, INT and JPD in the delegations)						
XX 01 xx yy zz³	- at Headquarters					
	- in Delegations					
01 01 01 02 (AC, END, INT - Indirect research)						
01 01 01 12 (AC, END, INT - Direct research)						
Other budget lines (specify)						
TOTAL	20	33	44	65	90	90

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	The CBAM regulation requires the Commission to follow up with
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¹ Here total means the number of staff for 2027

² AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

³ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

	several delegated and implementing acts once the CBAM regulation is adopted. Commission staff will also be needed to review and assess the functioning of the CBAM system and to implement the IT system.
External staff	Many tasks can be carried out by contract agents.

3.2.3. Compatibility with the current multiannual financial framework

- ✓ The proposal/initiative is compatible with the current multiannual financial framework.

The operational expenditure will be financed from the margin of Heading 3.

- ☐ The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.
- ☐ The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework¹¹.

3.3. Estimated impact on revenue

- ✓ The proposal/initiative has no financial impact on revenue.

- ☐ The proposal/initiative has the following financial impact:

☐ on own resources

☐ on other revenue

☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative							
		2023	2024	2025	2026	2027	2028	2029	2030
Article		0	0	0	0	0	0	0	0

For miscellaneous ‘assigned’ revenue, specify the budget expenditure line(s) affected.

¹¹ See Articles 12 and 13 of Council Regulation (EU, Euratom) No 2093/2020 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027.

Specify the method for calculating the impact on revenue.