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NOTE

From:	Presidency
To:	Delegations
Subject:	Draft Regulation of the European Parliament and of the Council amending Regulation (EU) 2023/956 as regards the extension of its scope to downstream goods and anti-circumvention measures - Presidency compromise text

Delegations will find attached the Presidency compromise text. Changes to the previous compromise text (ST 7572/26) are marked in **bold underline** and ~~strikethrough~~.

DRAFT

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2023/956 as regards the extension of its scope to downstream goods and anti-circumvention measures

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(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

After consulting the Committee of the Regions[2],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Regulation (EU) 2023/956 of the European Parliament and of the Council[3] was initially designed with a limited scope, covering those goods that are most exposed to the risk of carbon leakage and that are most carbon intensive. The scope of that Regulation should be gradually extended to cover products further down the value chain of the goods listed in Annex I to that Regulation.

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1 OJ C , , p. .

2 OJ C , , p. .

3 Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, p. 52, ELI: http://data.europa.eu/eli/reg/2023/956/oj).

(2) In its Communication entitled 'A European Steel and Metals Action Plan'[4], the Commission set out the objectives of extending the scope of the carbon border adjustment mechanism ('CBAM') to certain steel and aluminium-intensive downstream products, as well as addressing the risk of circumvention and practices which could undermine the objectives of the CBAM, including the redirection by third countries of low emission-intensive goods to the Union market in the absence of efforts to decarbonise the entirety of their production.

(3) As the CBAM aims to create incentives for the reduction of emissions by operators in third countries, the Union is committed to working with and supporting low and middle-income third countries towards the decarbonisation of their manufacturing industries as part of the external dimension of the European Green Deal[5] and in line with the Paris Agreement[6]. The Union should continue to support those countries through the Union budget, especially LDCs, in order to contribute to ensuring their adaptation to the obligations under this Regulation. The Union should continue to support climate mitigation and adaptation actions in these countries, including in their efforts towards the decarbonisation and transformation of their industries within the ceiling of the multi-annual financial framework and the financial support provided by the Union to international climate finance. This is further reinforced in the EU global climate and energy vision[7], which indicates that the EU will engage proactively with partners to ensure better coherence between internal and external EU policies. While the CBAM gradually enters into application, the Union intends to strengthen partnerships and support broader climate mitigation efforts, including by providing financial support to countries' decarbonisation efforts.

(4) Upon the incorporation of Regulation (EU) 2023/956 in the EEA Agreement, the EFTA States applying the CBAM should not be considered third countries for the purposes of this Regulation and should be deleted from its Annex III. A common CBAM area would be created where the threshold pursuant to Article 2a of Regulation (EU) 2023/956 would

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4 Communication on the European Steel and Metals Action Plan, COM/2025/125 finalhttps://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025DC0085.

5 Communication: The European Green Deal, COM/2019/640 final.

6 OJ L 282, 19.10.2016, p. 4.

7 Joint Communication: EU global climate and energy vision: securing Europe's competitive role in world markets and accelerating the clean transition, JOIN(2025) 25 final.

become jointly applicable to importation into the Union and the customs territories of the EFTA States that apply CBAM.

(5) Upon the incorporation of Regulation (EU) 2023/956 in the EEA Agreement, that Regulation should apply to processed products from goods listed in Annex I originating in a third country that are resulting from the inward processing procedure referred to in Article 256 of Regulation (EU) No 952/2013, where they are re-exported to the customs territory of an EFTA State that incorporated the CBAM, provided that they are imported to one of those customs territories. Implementing powers should be conferred on the Commission to lay down detailed conditions for the application of the CBAM to such goods.

(6) Upon the incorporation of Regulation (EU) 2023/956 in the EEA Agreement, it should be clarified that that Regulation shall not apply to goods previously released for free circulation in the customs territory of EFTA States that incorporated the CBAM, provided that the customs declarant indicates in the subsequent customs declaration that the goods have been previously released for free circulation within the customs territory of the EFTA States.

(7) [deleted]

(7a) To facilitate the implementation of Regulation (EU) 2023/956 as well as the application of carbon border adjustment mechanisms across countries, the Union may conclude agreements for the mutual recognition of third-country accreditation bodies. These agreements should recognise accreditation systems that provide equivalent guarantees as CBAM accreditation rules.

(8) **Whereas the electricity market is based on commercial trade schedules, deviations occur due to the physical nature of electricity. Moreover, electricity flows may result from actions that transmission system operators undertake to ensure the safe and secure operation of the transmission system. Such flows should be excluded from the scope of CBAM, as they do not represent a commercial activity.**~~Electricity flows from third countries resulting from actions that transmission system operators take to ensure the safe and secure operation of their networks, including handling emergencies and unscheduled flows, should not be subject to this Regulation.~~

(9) Due recognition of the progress made by the relevant third countries towards market coupling of the electricity systems ensures that any time-limited exemptions as foreseen in this Regulation fully align with the strategic objectives of the Union and those third

countries' specific achievements. The efficient use of the existing electricity infrastructure and the integration of electricity markets of third countries into the internal electricity market of the Union is essential to reduce costs for both Member States and the relevant third countries, as well as to ensure security of supply. Such recognition should be put forward by means of a Memorandum of Understanding between the Commission and the third countries that have fully transposed the relevant electricity market acquis, as verified by the Commission. The Memorandum of Understanding should set the timeline for the application of the exemption foreseen in Regulation (EU) 2023/956, while considering adherence to relevant market rules and transmission system operator (TSO) institutions in line with Regulation (EU) 2019/943 of the European Parliament and of the Council[8] and Commission Regulation (EU) 2015/1222[9], and the progress made by the relevant countries on carbon pricing instruments equivalent to the EU ETS insofar as electricity generation is concerned.

(9a) For the purposes of furthering the alignment between Regulation (EU) No 956/2023 and customs legislation, returned goods should not be included in the calculation of the single mass-based threshold.

(10) To ensure that the single mass-based threshold does not exceed 1% of the emissions embedded in the imported goods and processed products following the extension of Regulation (EU) 2023/956 to downstream products, the annual assessment in the year 2027 of the threshold should be carried out on the basis of import data covering the downstream goods covered under this extension.

(11) The CBAM seeks to address the risk of carbon leakage by ensuring that products, irrespective of whether they are imported or produced in the Union, are subject to an equivalent carbon price. However, as long as a significant number of the Union's international partners have policy approaches that do not achieve the same level of climate

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8 Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) (OJ L 158, 14.6.2019, pp. 54–124, ELI: http://data.europa.eu/eli/reg/2019/943/oj).

9 Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (OJ L 197, 25.7.2015, pp. 24–72, ELI: http://data.europa.eu/eli/reg/2015/1222/oj).

ambition, there is a risk of carbon leakage, resulting in overall emissions being higher than what they would be in the absence of carbon leakage.

(12) Abusive practices could occur when actors exploit the possibility of using actual emissions for the purpose of unduly avoiding, wholly or partially, the CBAM financial liability and thereby undermine the effectiveness of the CBAM in addressing the risk of carbon leakage in the Union and the attainment of the Union's climate policy objectives.

(13) The Commission should monitor the impact of the CBAM on the Union internal market with a view to assessing the risk of abusive practices undermining the effectiveness of the CBAM and the potential impact on the Union internal market, including through an analysis of customs import declarations and CBAM declarations or on the basis of any relevant source of information, including from Member States through exchanges in the Expert Group on the CBAM or other relevant exchanges.

(14) To enable a swift reaction in the case of evidence pointing towards a high risk of abusive practices, the Commission should be empowered to adopt delegated acts to lay down, for the use of actual emissions for a combination of goods and origins, the information to be declared as well as the evidence demonstrating that such abusive practices have not materialised. Where the Commission finds sufficient evidence pointing towards a high risk of abusive practices, the Commission should be required to act by way of delegated acts within three months after the finding. These conditions and evidence should be designed in a proportionate manner and they should not place unnecessary burden on operators and importers.

(15) In order to identify the importers represented by an indirect customs representative, the application for an authorisation should include the Economic Operators Registration and Identification (EORI) number, or any other type of national identification number, of the importers represented.

(16) To address the risk of misdeclaration of the embedded emissions determined on the basis of actual emissions, the Commission and the competent authority should be allowed to request the authorised CBAM declarant to provide evidence that the imported goods were produced in the declared installation, and during the declared production period. For certain goods, such as those subject to a higher heterogeneity of emission intensities, or only in certain cases, the evidence should be required as part of the CBAM declaration. The Commission

should be empowered to adopt implementing acts to identify the goods for which such evidence should be required as part of the CBAM declaration as well as the specific type and format of evidence to be provided. The required format of this evidence should be determined in a manner that minimises the administrative burden.

(17) To facilitate the processing of information on operators in third countries, reduce the administrative burden for the operator and the authorised CBAM declarant and facilitate the review of CBAM declarations, the registration of operators should be a necessary step for the determination of embedded emissions on the basis of actual verified emissions.

(18) In order to foster a harmonised approach for the review of CBAM declarations, it should be clarified that the Commission may, as part of the implementing act concerning the standard format of the CBAM declaration, set out procedures for the review of CBAM declarations **via the CBAM registry**.

(19) Emissions from the production of pre-consumer scrap in the Union are subject to a carbon price since, under the EU ETS, emissions are measured at installation level. Since pre-consumer aluminium and pre-consumer steel scrap under Regulation (EU) 2023/956 are assigned zero-emissions, imported goods using pre-consumer aluminium and pre-consumer steel scrap as input material are subject to a lower carbon price compared to goods produced in the Union, thus weakening the effectiveness of the CBAM in addressing the risk of carbon leakage of goods listed in Annex I.

(20) With a view to strengthening the effectiveness of the CBAM to address the risk of carbon leakage of goods, emissions of pre-consumer aluminium scrap and pre-consumer steel scrap should be taken into account for the calculation of embedded emissions of goods. Since pre-consumer scrap is a co-product generated unintentionally in the production process of metal goods and immediately reusable in a production process, it is not considered at risk of carbon leakage in its own right. Therefore, the emissions of pre-consumer aluminium scrap and pre-consumer steel scrap should only be taken into account when used as a precursor for goods listed in Annex I of this Regulation. The Commission should ensure that the monitoring, reporting and verification of emissions embedded in pre-consumer scrap used as input material (precursor) is not circumvented, including by misreporting pre-consumer scrap as post-consumer scrap to lower the determination of embedded emissions.

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(21) **To ensure the deduction of the carbon price effectively paid in a third country, it should be clarified that an authorised CBAM declarant may claim in the CBAM declaration the carbon price paid for carbon credits, when these carbon credits are allowed under a carbon emissions reduction scheme.** ~~To facilitate the application of Regulation (EU) 2023/956, the Union should be able to in the context of the Implementing Regulation for accounting the carbon price paid abroad, consider the carbon credits under Article 6 of the Paris Agreement.~~

(22) It should be clarified that, due to the commercially sensitive nature of some data elements required for the reporting, calculation and verification of actual emissions, the operator may choose to disclose only a summary of these elements that are necessary for the determination and the verification of the embedded emissions, and the application of the conditions for the use of actual emissions for relevant combinations of goods and origins. The authorised CBAM declarant should only be required to keep records of the information disclosed.

(23) [deleted]

(24) Since the certification of the carbon price documentation may take place prior to the import of the good into the Union, it is not appropriate to require the person certifying the information contained in the carbon price documentation to be independent from the authorised CBAM declarant.

(25) Since the deduction of the carbon price effectively paid in a third country requires the embedded emissions to be based on actual verified emissions, and since the certification of the carbon price documentation must rely on the prior verification of embedded emissions, the verification of embedded emissions and the certification of the carbon price paid on those emissions are closely related and can possibly be undertaken by the same person. Furthermore, the certification of the carbon price should be subject to a similar control and oversight as the one exercised for the verification of emissions. It should therefore be clarified that the Commission is empowered to adopt implementing acts concerning the conditions to ascertain the qualifications of the person responsible for certifying, via the CBAM registry, the information contained in the carbon price documentation, and including the granting of an accreditation by a national accreditation body, and cover the necessary certification procedures and exchange of information.

(26) To facilitate the verification of embedded emissions in the case of complex goods, it should be clarified that an operator should be able to share information, including on the verification of emissions embedded in input materials (precursors), with another operator.

(27) To ensure the financial standing of an applicant or of an authorised CBAM declarant, competent authorities should be allowed to require the provision of a guarantee in other cases than where an applicant was not established in the two financial years prior the year when the application was submitted. To safeguard the proper collection of revenues, it is also appropriate to enable competent authorities to use the guarantee provided, where the authorised CBAM declarant fail to comply with their obligation to have, at the end of each quarter, the number of CBAM certificates that corresponds to 50% of the emissions embedded in the goods they have imported into the Union since the beginning of the year.

(28) It should be clarified that, to enable national accreditation bodies, the Commission and competent authorities to control and monitor verifiers, it is necessary to lay down the verification procedures to be used by verifiers.

(29) In order to preserve its effectiveness as a measure to prevent carbon leakage, the price of CBAM certificates is to be calculated by the Commission based on weekly averages of the allowances auctioned in the Union's Emission Trading System ('EU ETS'). To ensure that the price of CBAM certificate always reflects closely ETS prices, it is appropriate to provide a specific calculation rule for the calendar weeks during which there is only one auction taking place on the auction platform.

(30) From 2027 onwards, authorised CBAM declarants above the single-mass based threshold are to ensure that the number of CBAM certificates on their account in the CBAM registry at the end of each quarter corresponds to at least 50 % of the emissions embedded in imported goods since the beginning of that year. Since this rule is based on an annual cycle, on which the repurchase limit of CBAM certificates relies, it is appropriate, from 2028 onwards, to exclude, from the number of CBAM certificates affected by the quarterly calculation, certificates purchased during other years than that calendar year.

(31) To streamline the repurchase process, increase the efficiency of the process and reduce the administrative burden while maintaining the security integrity and a robust

oversight, an authorised CBAM declarant should be allowed to have their excess CBAM certificates be directly repurchased by the Member States.

(32) For certain goods, such as the clinker content of cement, the nitrogen content of fertilisers or the alloying elements of steel, the material and chemical compositions of the good is an important determining factor of the embedded emissions. To address the risk of misdeclaration of the embedded emissions determined on the basis of actual emissions for certain goods that are subject to a higher heterogeneity of emission intensities, the Commission should be empowered to adopt implementing acts to identify the material and chemical compositions of a good in the customs declaration.

(33) In order to ensure that the competent authorities and the Commission are provided with all the customs information and data necessary for the implementation of Regulation (EU) 2023/956 by the customs authorities, it is necessary to specify the relevant supporting documents, information and data, including the bill of discharge, to be communicated by customs authorities.

(34) It should be clarified that the CBAM account number included in the customs declaration, the bill of discharge, the receipt declaration, or any other relevant customs document at the time goods are released for free circulation, should be used to determine the person responsible for assuming the obligations set out in this Regulation.

(35) To ensure the accuracy of the customs data and information available to the competent authorities in the CBAM registry, the competent authorities should be allowed to request the customs authorities or the Commission to validate this information. The Commission should be empowered to adopt implementing acts defining the scope of the information and the periodicity, timing and means for communicating that information.

(36) To prevent practices which could undermine the achievement of the objectives of the CBAM, the Commission should continuously monitor at Union level practices of circumvention consisting of artificially adjusting the supply chain of goods to avoid the obligations laid down in Regulation (EU) 2023/956.

(37) To enable a swift reaction in the case of serious and unforeseeable consequences from the inclusion of a good in the scope of the CBAM, leading to severe harm to the Union internal market, the Commission should be empowered to adopt delegated acts to remove a good from the scope of Regulation (EU) 2023/956.

(38) To ensure better alignment with the Combined Nomenclature ('CN') set out in Council Regulation (EEC) No 2658/87[10], the description of certain CN codes in Annex I to Regulation (EU) 2023/956 should be clarified.

(39) With the progressive phase-out of transitional free allocation of allowances under Directive 2003/87/EC of the European Parliament and of the Council[11], which establishes a system for greenhouse gas emission allowance trading within the Union ('EU ETS'), and the progressive phase-in of the CBAM, the risk of carbon leakage will likely shift from the upstream sectors currently covered by the CBAM to downstream products. To preserve the effectiveness of the objectives of the CBAM, it is therefore necessary to extend the scope of Regulation (EU) 2023/956 to products further down the value chain.

(40) In accordance with the European Steel and Metals Action Plan, the extension of the scope of Regulation (EU) 2023/956 should focus on the metal sectors and goods that contain a significant share of CBAM products. It should therefore cover steel and aluminium-intensive downstream goods that are the most imported into the Union in terms of numbers, value and volume, and that face the highest risk of carbon leakage. The steel and aluminium sectors also demonstrate the highest technical feasibility for the calculation of actual emissions embedded in goods.

(41) The selection of the downstream steel and aluminium-intensive goods should be based on clearly defined criteria and thresholds, reflecting the risk of carbon leakage associated to each product, including their share of embedded emissions, their climate relevance and the technical feasibility of their inclusion in the scope of Regulation (EU) 2023/956. The risk of carbon leakage should be appreciated with regards to both the tradability of the product and the comparison between the carbon cost embedded in the product's inputs materials (precursors) and the product's overall value added. Based on the same criteria, the Commission should in the future assess the extension of the scope of that Regulation

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10 Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1, ELI: http://data.europa.eu/eli/reg/1987/2658/oj).

11 Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: http://data.europa.eu/eli/dir/2003/87/oj).

to additional downstream goods and present its conclusions in a report to the European Parliament and to the Council.

(42) Following the principles and calculation methods applicable to other goods, embedded emissions in downstream goods should be calculated on the basis of actual emissions verified by a verifier, or by reference to default values calculated and made available by the Commission. Since the system boundaries of production processes are limited to the system boundaries of production processes covered by the EU ETS, the attribution of emissions embedded in downstream goods should be limited to the emissions contained in input materials (precursors). Input materials (precursors) of downstream goods that are not listed in Annex II to Regulation (EU) 2023/956 should be taken into account in the calculation of embedded emissions.

(43) For a limited number of downstream goods, the embedded emissions may, depending on the material composition of the good, fall entirely outside the scope of the CBAM. It is therefore necessary to specify that downstream goods that are exclusively made of materials which fall outside the scope of the CBAM should not be covered in the scope of Annex I to Regulation (EU) 2023/956.

(44) Specific challenges arise for the use of actual emissions embedded in downstream goods produced with multiple input material (precursors), and where those materials belong to different CBAM sectors or to sectors not covered in the scope of this Regulation. These goods typically have longer and more complex global value chains, and their production involves multiple production steps. Sourcing verified information on the actual emissions of their input materials (precursors) will be administratively difficult, which would in turn disincentivise the use of actual emissions. To address these challenges, the use of default values for these specific goods should be facilitated by the non-application of the mark-up, without prejudice to the environmental integrity of the CBAM.

(45) Specific challenges arise for the use of actual emissions embedded in downstream goods covered in the sectors ‘Iron and Steel’, ‘Aluminium’ and ‘Combined Metal Goods’ referred to in Annex I to Regulation (EU) 2023/956. Due to challenges in data collection along the supply chain of some of the components of these goods, the specific embedded emissions of all goods covered in these sections should be calculated as a

function of the embedded emissions of the input materials (precursors) contained in the goods.

(46) The method used to calculate the emission factor for imported electricity should be modified so as to take into account the electricity produced from all sources, including non-fossil fuel sources. As a result, revised default values for imported electricity should be calculated and made available by the Commission.

(47) To ensure a consistent methodological approach with respect to the default values applied for indirect emissions, it should be clarified that the alternative default value for indirect emissions that a third country, or a group of third countries, may demonstrate to be lower than the one established by the Commission, should be based on the same calculation method as the default values for indirect emissions determined by the Commission.

(48) To facilitate the determination of embedded emissions of electricity on the basis of actual emissions, the conditions for applying actual embedded emissions in imported electricity should be made more flexible. It should be clarified that certain power purchase agreements concluded between intermediaries may be used. Moreover, in light of practical difficulties to demonstrate the absence of physical network congestion at any point of the network at the time of import, this criterion, as well as the alternative criterion to prove the direct connection to the Union transmission system should be removed. Finally, it should not be necessary to demonstrate a firm nomination of the allocated interconnection capacity where transmission capacity is allocated through implicit capacity allocation.

(49) Due to the commercially sensitive nature of some data elements underpinning the verification of embedded emissions, the verification report should contain only the information that is needed to establish the embedded emissions of the goods. Information on the emissions released by the installation or on goods that are not included in the scope of this Regulation, even though they are subject to review from the verifier, should not be included in the verification report.

(49a) For electricity imported into the customs territory of the Union, real-time emission factors determined per exporting country for periods of one hour or less may serve as an alternative to the average emission factor, subject to technical feasibility and administrative proportionality. Therefore, when reviewing and evaluating the application of this Regulation, the Commission should assess, as part of its report, the

use of real-time emission factors in view of their potential application to electricity imports.

(50) In order to amend certain non-essential elements of Regulation (EU) 2023/956, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of ~~removing goods from the scope of Annex I, where necessary, due to severe harm to the Union internal market caused by serious and unforeseeable circumstances, and until these serious and unforeseeable circumstances have passed.~~**temporarily exempting specific imported goods from the obligations under this Regulation in cases of severe harm to the Union internal market due to serious and unforeseen circumstances. In doing so, the Commission should consider the relevant evidence and proceed based on a reasoned assessment demonstrating the impact of the temporary exemption on the internal market and the functioning of the CBAM, as well as explaining why less intrusive measures would be insufficient. To provide certainty and simplicity to authorised CBAM declarants, the temporary exemption should apply at least for a full calendar year. Goods should not be exempted for more than two years under the same serious and unforeseen circumstances. The temporary exemption of a good should not lead to an increased risk of carbon leakage, therefore the phasing-out of free allowances under Directive 2003/87/EC should not apply to installations covered by this Directive for the share of their production covered by the exempted goods.** In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. **The Commission should also be empowered to adopt implementing acts to further specify the application of temporary exemption.**

(51) Since the objectives of this Regulation, namely extending the mechanism that the Union has adopted to prevent the risk of carbon leakage and thereby reduce global carbon emissions as well as addressing the risk of circumvention and practices which could undermine the objectives of the CBAM, cannot be sufficiently achieved by the Member States but can rather, by reason of the scale or effects of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of

proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

(52) [deleted]

(53) For the determination of embedded emissions of electricity, to allow for the submission of the first CBAM declarations by 30 September 2027 on the basis of this Regulation, the changes to the method used to calculate the emission factor for imported electricity and to the conditions for applying actual embedded emissions in imported electricity should apply to imports of electricity that occurred as of 1 January 2026. To provide sufficient predictability, the extension of the scope of Annex I to Regulation (EU) 2023/956 and to input materials (precursors) listed in Annex VIII should apply from 1 January 2028,

(53a) In order to allow for the timely adoption of delegated and implementing acts under Regulation (EU) 2023/956, this Regulation should enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

(54) Regulation (EU) 2023/956 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2023/956

Regulation (EU) 2023/956 is amended as follows:

(1) Article 2 is amended as follows:

(a) the following paragraph 2a is inserted:

‘2a. Upon its incorporation in the EEA Agreement, this Regulation also applies to processed products from goods listed in Annex I originating in a third country that are resulting from the inward processing procedure referred to in Article 256 of Regulation (EU) No 952/2013, where they are re-exported to the customs territory of EFTA States that incorporated the CBAM in to their law, provided that they are imported to those countries.

The Commission may adopt implementing acts laying down the detailed conditions for the application of the CBAM to such products. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2) of this Regulation.';

(aa) in paragraph 3a, the following point (c) is inserted:

'(c) electricity flows **originating** from third countries**, which result merely from the physical nature of electricity transmission, including unintended exchanges, or which result from actions that transmission system operators take to ensure the safe and secure operation of the transmission systems, including preventing and resolving emergency states as well as the cross-border activation of balancing energy.;** ~~resulting from actions that transmission system operators take to ensure the safe and secure operation of their networks, including handling emergencies and unscheduled flows.';~~

(b) in paragraph 4, the following subparagraph is added:

'Upon its incorporation into the EEA Agreement, by way of derogation from paragraphs 1 and 2, this Regulation shall not apply to goods originating in third countries previously released for free circulation in the customs territory of the EFTA States that incorporated the CBAM into their law, provided that the customs declarant indicates in the subsequent customs declaration lodged in the customs territory of the Union that the goods have been previously released for free circulation in the customs territory of those EFTA States and provided that, at the request of the customs authority, the customs declarant makes available documentation or information proving that the goods have been previously released for free circulation within the customs territory of the respective EFTA States. The customs declarant shall bear responsibility for the availability of this proof at the time of lodging of the customs declaration.';

(c) the following paragraph 7a is inserted:

'Where a third country has requested to integrate its electricity market into that of the Union through market coupling pursuant to an international agreement, the Commission may, when establishing that the relevant third country has fully transposed the electricity market acquis, conclude a Memorandum of Understanding with that third country.

The Memorandum of Understanding referred to in the first subparagraph shall set the timeline for the application of the exemption foreseen in Article 2(7) and the timeline for the implementation of a carbon pricing instrument equivalent to the EU ETS, insofar as electricity generation is concerned.';

(d) paragraph 8 is replaced by the following:

'A third country or territory that fulfils all the conditions set out in paragraph 7, shall be listed in point 2 of Annex III. When assessing whether the conditions set out in paragraph 7 of this Article are fulfilled, the Commission shall take into account advancements in accordance with the timeline laid down in a Memorandum of Understanding under Article 2(7a).

(e) paragraphs 11 and 12 are replaced by the following:

'11. The Commission is empowered to adopt delegated acts in accordance with Article 28 in order to amend the lists of third countries or territories listed in point 1 or 2 of Annex III by adding or removing a third country or territory, depending on whether the conditions set out in paragraph 6, 7 or 9 of this Article are fulfilled in respect of that third country or territory, or as a consequence of the incorporation of the CBAM into the EEA Agreement. Where, in the case of adding a third country to the list of third countries or territories listed in point 2 of Annex III, imperative grounds of urgency so require, the procedure provided for in Article 28a shall apply to delegated acts adopted pursuant to this paragraph.

The Union may conclude agreements with third countries or territories with a view to taking into account carbon pricing mechanisms in such countries or territories for the purposes of the application of Article 9, as well as the mutual recognition of third-country accreditation bodies for the accreditation of a legal person to be a verifier pursuant to Article 18.';

(2) **Article 2 is amended as follows:**

(a) the following paragraph 2a is inserted:

"2a. Where, within the relevant calendar year, goods referred to in Article 116(1), point (b), of Regulation (EU) No 952/2013 and imported goods which are returned goods referred to in Article 203 of that Regulation, shall not be included in the cumulative calculation of the single mass-based threshold.

The importer shall make available to the competent authority the customs declaration and documentary evidence demonstrating that the goods qualify in accordance with Article 116(1), point (b), and Article 203 of Regulation (EU) No 952/2013."

(b) in Article 2a(3), the following subparagraph is added:

'For the assessment due by 30 April 2027, the Commission shall use the import data of goods contained in Annex I to this Regulation and in Annex I to Regulation (EU) XX/XX [Amending Regulation (this Regulation)]';

(2a) in Article 3, point (3) is replaced by the following:

'emissions' means the release of greenhouse gases from the production of goods;

2a) in Article 3, point (30) is replaced by the following:

'installation' means a stationary technical unit where one or more of the goods listed in Annex I are produced and where processes which could have an effect on the embedded emissions of the goods listed in Annex I are carried out;

(3) in Article 3, the following points are added:

'(35) 'abusive practices' are practices pursued by an operator, importer or an authorised CBAM declarant for the purpose of gaining an undue benefit by avoiding, wholly or partially, the CBAM financial liability and thereby undermining the effectiveness of the CBAM to address the risk of carbon leakage in the EU;

(36) 'serious and unforeseen circumstance' means an exceptional, unexpected and sudden, natural or man-made event of extraordinary nature and scale that takes place within or outside the Union.';

(37) 'permanent business establishment' means a fixed place of business, where both the necessary human and technical resources are permanently present or a dependent agent that habitually exercises the authority to conclude contracts in the territory of the Member State on behalf of a given person, and through which a person's CBAM-related operations are wholly or partly carried out;

PUBLIC

(3a) Article 5(4) shall be replaced by the following:

"4. By way of derogation from paragraph 1, where transmission capacity for the import of electricity is allocated through explicit capacity allocation, the person to whom capacity has been allocated for import and who nominates that capacity for import shall, for the purpose of this Regulation, be regarded as an authorised CBAM declarant. Imports are to be measured per border for time periods no longer than one hour and no deduction of export or transit in the same hour shall be possible.

The person fulfilling the conditions set out in the previous subparagraph shall provide the customs declaration to the competent authority of the Member State of establishment without any delay.

The competent authority of the Member State of establishment shall register the person in the CBAM registry.";

(4) in Article 5(5), ~~point (h) is replaced by the following~~:

(a) the following point (aa) is inserted:

' (aa) name of the persons in charge of the applicant's CBAM matters, the persons in charge of the applicant and the persons exercising control over the management of the applicant; '

(b) point (h) is replaced by the following:

'(h) EORI number or, where the importer does not have an EORI number, other national identification number, names and contact information of the persons on behalf of whom the applicant is acting, if applicable.';

(4a) in Article 5 paragraph 7 is replaced by the following:

'The authorised CBAM declarant shall inform without delay the competent authority, via the CBAM registry, of any changes related to the information provided under paragraph 5 of this Article that have occurred after the decision granting the status of the authorised CBAM declarant has been adopted pursuant to Article 17 that may influence that decision or the content of the authorisation granted thereunder.'

(5) Article 6 is amended as follows:

(a) paragraph 2 is amended as follows:

(1) point (b) is replaced by the following:

‘(b) the total embedded emissions in the goods referred to in point (a) of this paragraph, expressed in tonnes of CO_2e emissions per megawatt-hour of electricity or, for other goods, in tonnes of CO_2e emissions per tonne of each type of goods, calculated in accordance with Article 7 and, where the embedded emissions are determined on the basis of actual emissions provided by the operator via the CBAM registry in accordance with Article 10, verified in accordance with Article 8;’;

(2) the following points (e) and (f) are added:

‘(e) where applicable, in accordance with the implementing act referred to in paragraph 6a of this Article, for the purpose of addressing the risk of misdeclaration resulting from the lack of supply chain traceability, evidence that the goods imported during the preceding calendar year were produced at the declared installation and at the actual time of production referred to in the CBAM declaration;

(f) where, in accordance with a delegated act adopted in accordance with paragraph 7, the embedded emissions are determined on the basis of actual emissions for a combination of good and origin that are subject to a high risk of abusive practices, evidence demonstrating that no abusive practices have occurred.’;

(aa) paragraph 5 is replaced by the following:

“For goods referred to in Article 116(1), point (b), of Regulation (EU) No 952/2013 and the imported goods which are returned goods referred to in Article 203 of that Regulation, the authorised CBAM declarant shall report separately, in the CBAM declaration, ‘zero’ for the total embedded emissions corresponding to those goods.”;

(b) in paragraph 6, the first sentence is replaced by the following:

‘The Commission is empowered to adopt implementing acts concerning the standard format of the CBAM declaration, including detailed information for each installation and country of

PUBLIC

origin or other third country and type of goods to be reported, which supports the totals referred to in paragraph 2 of this Article, in particular as regards embedded emissions, the carbon price paid, the default carbon price for the purpose of Article 9(4), the procedure for submitting **and the correction of** the CBAM declaration via the CBAM registry, including procedures for the review of CBAM declarations in accordance with Article 19 **via the CBAM registry**, and the arrangements for surrendering the CBAM certificates referred to in paragraph 2, point (c), of this Article, in accordance with Article 22(1), in particular as regards the process and the selection by the authorised CBAM declarant of certificates to be surrendered.';

(c) the following paragraphs 6a and 7 are added:

'6a. The Commission is empowered to adopt implementing acts concerning the identification of goods or combinations of good and origin for which evidence is to be included in the CBAM declaration pursuant to paragraph 2, point (e), as well as the specific type and format of evidence to be provided. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).

7. The Commission shall monitor at Union level the impact of the CBAM on the Union internal market. Where the Commission, taking into account relevant information, including from customs import declarations and CBAM declarations, finds that there is sufficient evidence pointing towards a high risk of abusive practices for a combination of good and origin:

a) it may inform importers and authorised CBAM declarants about these risks,

b) it may inform competent authorities and customs authorities about these risks, and

c) it is empowered to adopt delegated acts in accordance with Article 28 to supplement this Regulation by laying down the methods for the identification of the combination of good and origin, the information to be declared for the use of actual emissions for those combinations of good and origin as well as the evidence to be provided to demonstrate that **no abusive practices have occurred**~~no abuse has taken place~~.

The Commission shall adopt the delegated acts referred to in the first subparagraph within three months of finding that there is sufficient evidence pointing towards a high risk of abusive practices';

(6) Article 7 is amended as follows:

(a) the following paragraph 2a is inserted:

‘2a. Embedded emissions in input materials (precursors) listed in Annex VIII shall be considered in the determination of embedded emissions in goods.’;

(b) paragraph 5 is replaced by the following:

‘5. The authorised CBAM declarant shall keep records of the information disclosed in accordance with Article 10(7) that is required to calculate the embedded emissions in accordance with the requirements laid down in Annex V. Those records shall be sufficiently detailed to enable the Commission and the competent authority to review the CBAM declaration in accordance with Article 19(2).’;

(c) in paragraph 7, the following subparagraph is added:

‘The implementing acts referred to in the first subparagraph may provide a list of downstream goods for which, due to the complexity of the supply chain and without prejudice to the environmental integrity of the CBAM, no mark-up is to apply.’;

(7) Article 9 is amended as follows:

(a) paragraph 2 is amended as follows:

(1) the third sentence is replaced by the following:

‘The information contained in that documentation shall be certified by a person that is independent from the authorities of the third country.’;

(2) the following subparagraph is added:

‘The independent person referred to in the first subparagraph may be a legal person accredited by a national accreditation body for the relevant scope of accreditation or any other person as referred to in paragraph 5.’;

(b) paragraph 5 is amended as follows:

(1) the first subparagraph is replaced by the following:

PUBLIC

‘The Commission is empowered to adopt implementing acts, based on the principle of equivalence, concerning the conversion of the yearly average carbon price effectively paid in accordance with paragraph 1 of this Article and of the yearly default carbon prices determined in accordance with paragraph 4 of this Article into a corresponding reduction of the number of CBAM certificates to be surrendered. Those acts shall also govern the conversion of the carbon price expressed in foreign currency into euro at the yearly average exchange rate, the evidence required of the actual payment of the carbon price, examples of any relevant rebate or other form of compensation referred to in paragraph 1 of this Article, the qualifications of the independent person referred to in paragraph 2 of this Article and the conditions to ascertain that person’s qualifications and independence. The Commission is also empowered to regulate the conditions for **taking into account the price effectively paid for carbon credits allowed under a carbon emissions reduction scheme referred to in Article 3 point 29** ~~deducting carbon credits under Article 6 of the Paris Agreement~~. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).’;

(2) the following subparagraph is added:

‘The qualifications referred to in the first subparagraph shall include the granting of accreditation by a national accreditation body, the specification of the certification procedures and the appropriate exchanges of information between the independent person, national accreditation bodies, the Commission and competent authorities.’;

(8) Article 10 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. To allow the verification of embedded emissions on the basis of actual emissions as well as the determination, where applicable, of the carbon price paid in a third country, the Commission shall~~, upon request by an operator of an installation located in a third country,~~ register the information on **an**~~that~~ operator and on its installation in the CBAM registry referred to in Article 14. **An operator of an installation located in a third country shall make a request to the Commission, via the CBAM registry, to this effect.**’;

(aa) in paragraph 5, point (c) is replaced by the following:

"(c) keep a copy of the verification report as well as records of the information required to calculate the embedded emissions in goods in accordance with the requirements laid down in Annex V for a period necessary for the **import of goods**~~verification~~ and **the** review of the CBAM declarations, and, where applicable, a copy of the documentation required to demonstrate that the declared embedded emissions were subject to a carbon price in a third country that has been effectively paid, until the end of the fourth year after the year during which the independent person has certified the information contained in that documentation in accordance with Article 9(2);"

(b) in paragraph 5, the following point (e) is added:

'(e) ensure, where applicable pursuant to Article 6(7), that the conditions laid down for the use of actual emissions, for relevant combinations of goods and origins, are met.';

(c) in paragraph 7, the first sentence is replaced by the following:

'An operator may disclose the information on the conditions for the use of actual emissions, for the relevant combinations of goods and origins pursuant to Article 6(7), the verification of embedded emissions and the carbon price paid in a third country referred to in paragraph 5 of this Article to an authorised CBAM declarant or to another operator.

(d) in paragraph 7, the second sentence is replaced by the following:

'The operator may disclose to the authorised CBAM declarant only a summary of the information contained in paragraph 5, points (a), (b), (c) and (e). The authorised CBAM declarant shall be entitled to use that disclosed information in order to fulfil the obligation referred to in Article 8.

Where the authorised CBAM declarant chooses to submit the CBAM declaration on the basis of this disclosed information, the authorised CBAM declarant shall remain responsible for surrendering the correct number of CBAM certificates pursuant to Article 22(1).';

(9) Article 17 is amended as follows:

(a) the following paragraph 5a is inserted:

‘5a. By way of derogation from paragraph 5, where the competent authority finds that the applicant or the authorised CBAM declarant does not demonstrate its financial capacity to fulfil its obligations under this Regulation, including by failing to comply with the requirement set out in Article 22(2), the competent authority may require the provision of a guarantee.

The competent authority shall fix the amount of such guarantee at the amount, calculated as the aggregate value of the number of CBAM certificates that the authorised CBAM declarant would have to surrender in accordance with Article 22 in respect of one of the following:

(a) imports of goods reported in accordance with Article 5(5), point (g);

(b) the amount of imported goods declared in the customs declaration and other relevant information available to the competent authority from the previous two calendar years; or

(c) an estimation, based on the value of the threshold referred to in point 1 of Annex VII of this Regulation, for one or more relevant sectors covered by this Regulation and a total of embedded emissions, chosen by the competent authority.

The guarantee provided shall be a bank guarantee, payable at first demand, by a financial institution operating in the Union or another form of guarantee which provides equivalent assurance.’;

(b) paragraph 7 is replaced by the following:

‘7. Where a guarantee is required in accordance with paragraph 5, the competent authority shall release the guarantee immediately after 30 September of the second year in which the authorised CBAM declarant has surrendered CBAM certificates in accordance with Article 22.

Where a guarantee is required in accordance with paragraph 5a, the competent authority shall release the guarantee immediately after 30 September of the second year in which the authorised CBAM declarant has surrendered CBAM certificates in accordance with Article 22. Notwithstanding the foregoing, the competent authority may decide to extend the duration of the guarantee by requesting the authorised CBAM declarant to extend the validity of the guarantee or replacing the initial guarantee, where such extension is duly justified.

~~Where the authorised CBAM declarant does not surrender the sufficient amount of CBAM certificates in accordance with Article 22 and following a decision in accordance with Article 19(5), the competent authority shall use the provided guarantee to recover the outstanding financial adjustment.~~

The competent authority shall use the provided guarantee to recover the outstanding financial adjustment, where:

(a) the authorised CBAM declarant does not surrender the sufficient amount of CBAM certificates in accordance with Article 22 and following a decision in accordance with Article 19(5), or;

(b) the authorised CBAM declarant does not comply with the obligation to ensure sufficient number of CBAM certificates on its account referred to Article 22(2).

The competent authority shall determine the amount to recover based on the number of certificates that should have been surrendered and the yearly average price of the CBAM certificates for the calendar year of the submitted CBAM declaration.';

(c) in paragraph 10, point (b) is replaced by the following:

'(b) the application of the guarantee referred to in paragraphs 5, 5a, 6 and 7 of this Article, including detailed rules on the currency conversions;';

(10) in Article 18(3), the following sentence is added:

'Those delegated acts shall also specify the verification procedures to be used by verifiers.';

(11) in Article 19, the following paragraph 2a is inserted:

'2a. Where the embedded emissions are determined on the basis of actual emissions, the Commission or the competent authority of the Member State where the CBAM declarant is established may, as part of the review of the CBAM declaration, request the authorised CBAM declarant to provide evidence that the goods imported were produced at the installation and at the actual time of production referred to in the CBAM declaration.';

(12) Article 21 is amended as follows:

(a) in paragraph 1, the second subparagraph is replaced by the following:

‘For those calendar weeks in which there is no auction on the auction platform, the price of CBAM certificates shall be the average of the closing prices of EU ETS allowances of the last week in which auctions on the auction platform took place. For those calendar weeks in which only one auction takes place on the auction platform, the price of CBAM certificates shall be the average of that closing price and the closing prices of the last week in which several auctions took place on the auction platform.’;

(b) in paragraph 2, the first sentence is replaced by the following:

‘The Commission shall publish the price of CBAM certificates on its website or in any other appropriate manner on the first working day of the following calendar week.’;

(13) in Article 22(2), the following subparagraph is added:

‘From 2028, the calculation referred to in the first subparagraph shall be based only on CBAM certificates purchased by the authorised CBAM declarant during the year for which the calculation is being performed.’;

(14) in Article 23(1), second subparagraph, the first sentence is replaced by the following:

‘The excess CBAM certificates shall be repurchased through the common central platform referred to in Article 20.’;

(15) Article 25 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. The customs authorities shall periodically and automatically, in particular by means of the surveillance mechanism established pursuant to Article 56(5) of Regulation (EU) No 952/2013, communicate to the Commission specific information on the goods referred to in Article 2(1), (2) and (2a) of this Regulation. That information shall include the EORI number or the form of identification declared in accordance with Article 6(2) of Delegated Regulation (EU) 2015/2446, of the importer or of the authorised CBAM declarant as well as the CBAM account number of the authorised CBAM declarant, the eight-digit CN code of the goods, the quantity, the country of origin, the date of the customs declaration and the customs procedure. Where the importer has no EORI number, the customs authorities shall also communicate the name, address and, where available, contact information of the importer to the Commission.

The customs authorities shall communicate upon request by the Commission or the competent authority any other data relevant for compliance with this Regulation, including, where applicable, bills of discharge, re-export declarations and equivalent customs documentation.

The CBAM account number provided in the customs declaration or any other relevant document when declaring goods listed in Annex I or processed products obtained from such goods for importation, shall determine the authorised CBAM declarant assuming the obligations set out in this Regulation.';

(b) in paragraph 3, the following subparagraph is added:

'Where the competent authority considers that the information is incorrect or inaccurate, the competent authority may request the customs authorities or the Commission to validate the correctness or the accuracy of that information.';

(c) in paragraph 6, the first sentence is replaced by the following:

'The Commission is empowered to adopt implementing acts defining the scope of information and the periodicity, timing and means for communicating that information pursuant to paragraphs 2 and 3 of this Article.';

(d) the following paragraph 7 is added:

'7. The Commission is empowered to adopt implementing acts to identify the material and chemical compositions of goods listed in Annex I. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).';

(16) in Article 27(2), the following point (c) is added:

'(c) artificially adjusting the supply chains **by changing the country or territory where the goods underwent their last, substantial, economically justified production step for the sole purpose of making** ~~to make the~~ **these** goods benefit from lower default values.';

(17) the following Article 27a is inserted:

'Article 27a

Serious and unforeseen circumstances

1. The Commission shall monitor the situation at Union level with a view to assessing the impact of the CBAM on the Union internal market. Where the Commission, taking into account the relevant evidence, **and on the basis of a reasoned assessment demonstrating the impact on the Union internal market and the functioning of the CBAM, and explaining why less intrusive measures would not be sufficient,** considers that the inclusion of certain goods in Annex I severely harms the Union internal market, including through a disruption of the functioning of the supply chains or a distortion of prices formation, due to serious and unforeseen circumstances, it is empowered to adopt delegated acts to amend Annex I.

2. The temporary exemption shall apply to a full calendar year. If the delegated acts apply before 31 October, the temporary exemption shall apply from 1 January until 31 December, and it may only be extended once, for the following calendar year, by way of delegated acts. If the delegated acts apply after 31 October, the temporary exemption may apply from 1 January until either the end of the calendar year or until the end of the following calendar year.

3. The amendment shall take the form of a footnote inserted next to ~~the CN codes of~~ the relevant goods **referred to in Annex I**. The footnote shall state that the CBAM shall not apply to the goods in question and specify the year or years of the exemption. Goods shall not be exempted for more than two years under the same serious and unforeseen circumstances. Once the exemption period ends, the Commission shall remove the footnote and promptly publish information about the deletion in the Official Journal of the European Union.

4. Imported goods that are subject to the temporary exemption shall be exempted from the obligations under this Regulation. The CBAM certificates purchased pursuant to Article 22(2) for goods subject to the temporary exemption may be repurchased in accordance with Article 23(1). However, the limit referred to in Article 23(2) shall not apply to these CBAM certificates. The Commission may adopt implementing acts further specifying the application of the temporary exemption. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2) of this Regulation.

5. Before a delegated act adopted under this Article expires, the Commission may submit a legislative proposal to amend this Regulation and remove certain goods from Annex I.';

(18) Article 28 is amended as follows:

(a) paragraphs 2 and 3 are replaced by the following:

'2. The power to adopt delegated acts referred to in Article 2(10) and (11), Article 2a (3), Article 6(7), Article 18(3), Article 20(5a) and (6), Article 27(6) and Article 27a shall be conferred on the Commission for a period of five years from [date of entry into force of this amending Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for further periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

3. The delegation of power referred to in Article 2(10) and (11), Article 2a (3), Article 6(7), Article 18(3), Article 20(5a) and (6), Article 27(6) and Article 27a may be revoked at any time by the European Parliament or by the Council.';

(b) paragraph 7 is replaced by the following:

'7. A delegated act adopted pursuant to Article 2(10) and (11), Article 2a (3), Article 6(7), Article 18(3), Article 20(5a) and (6), Article 27(6) and Article 27a shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.';

(19) the following Article 28a is inserted:

*'Article 28**a***

Urgency procedure

1. Delegated acts adopted under this Article shall enter into force without delay and shall apply as long as no objection is expressed in accordance with paragraph 2. The notification

PUBLIC

of a delegated act to the European Parliament and to the Council shall state the reasons for the use of the urgency procedure.

2. Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in Article 28(7). In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.';

(20) in Article 30(6), the second subparagraph is replaced by the following:

'Before 1 January 2028, as well as every two years thereafter, the Commission shall present a report to the European Parliament and to the Council on the application of this Regulation and functioning of the CBAM. This report may, where appropriate, be accompanied by a legislative proposal or implementing or delegated acts adopted pursuant to this Regulation. The report shall contain at least the following:

(a) an assessment of the impact of the CBAM on:

(i) carbon leakage, including in relation to exports;

(ii) the sectors covered;

(iii) internal market, economic and territorial impact throughout the Union;

(iv) inflation and the price of commodities **and the availability of raw materials**;

(v) the effect on industries using goods listed in Annex I;

(vi) international trade, including resource shuffling; and

(vii) LDCs.

(b) an assessment of:

(i) the governance system, including an assessment of the implementation and administration of the guarantees and the authorisation of CBAM declarants by Member States;

(ii) the scope of this Regulation, including of the possibility to extend the scope of this Regulation to additional goods at risk of carbon leakage;

(iia) the suitability of implementing acts and delegated acts adopted pursuant to this Regulation;

(iib) the suitability of the methods for setting default values and the mark-up applied to the default values;

(iii) practices of circumvention;

(iv) the application of penalties in Member States;

(v) the application of the single mass-based threshold, including the possibility of increasing that threshold and of introducing a supplementary consignment-based threshold;

(vi) the potential use of real-time default values for electricity

(c) results of investigations and penalties imposed;

(d) aggregated information on the emission intensity for each country of origin for the different goods listed in Annex I.;'

(21) Annex I is amended in accordance with Annex I to this Regulation;

(22) Annex IV is amended in accordance with Annex II to this Regulation;

(23) in Annex VI, point 2 is amended as follows:

(a) points (g) to (j) are deleted;

(b) the following point (ka) is inserted:

'(ka) material composition of each downstream good;';

(24) a new Annex VIII is added as set out in Annex III to this Regulation.

Article 2

Entry into force and application

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

PUBLIC

Points 1 and 6 of Annex II, shall apply from 1 January 2026.

However, Article 1(6), point (a), Article 1(8), points (a), (b) and (c), Article 1(21), (23), and (24), and point 2 of Annex II shall apply from 1 January 2028.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

PUBLIC

ANNEX I

Annex I is amended as follow:

(1) in point 2, the table 'Iron and Steel' is replaced by the following:

'[**Iron and steel**

CN code	Greenhouse gas
72 – Iron and steel Except: 7202 21 00, 7202 29 – Ferro-silicon 7202 30 00 – Ferro-silico-manganese 7202 50 00 – Ferro-silico-chromium 7202 70 00 – Ferro-molybdenum 7202 80 00 – Ferro-tungsten and ferro-silico-tungsten 7202 91 00 – Ferro-titanium and ferro-silico-titanium 7202 92 00 – Ferro-vanadium 7202 93 00 – Ferro-niobium	Carbon dioxide

PUBLIC

7202 99 – Other: 7202 99 10 – Ferro-phosphorus 7202 99 30 – Ferro-silico-magnesium 7202 99 80 – Other 7204 – Ferrous waste and scrap; remelting scrap ingots of iron or and steel	
2601 12 00 – Agglomerated iron ores and concentrates, other than roasted iron pyrites	Carbon dioxide
7301 – Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel	Carbon dioxide
7302 – Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish- plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other	Carbon dioxide

PUBLIC

material specialised for jointing or fixing rails	
7303 00 – Tubes, pipes and hollow profiles, of cast iron	Carbon dioxide
7304 – Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel	Carbon dioxide
7305 – Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406,4 mm, of iron or steel	Carbon dioxide
7306 – Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel	Carbon dioxide
7307 – Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel	Carbon dioxide
7308 – Structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge-sections, lock- gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters,	Carbon dioxide

PUBLIC

balustrades, pillars and columns), of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel	
7309 00 – Reservoirs, tanks, vats and similar containers for any material (other than compressed or liquefied gas), of iron or steel, of a capacity exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment	Carbon dioxide
7310 – Tanks, casks, drums, cans, boxes and similar containers, for any material (other than compressed or liquefied gas), of iron or steel, of a capacity not exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment	Carbon dioxide
7311 00 – Containers for compressed or liquefied gas, of iron or steel	Carbon dioxide
7312 10 – Stranded wire, ropes and cables, of iron or steel	Carbon dioxide

PUBLIC

7314 39 00 – Other grill, netting and fencing, of iron or steel wire, welded at the intersection	Carbon dioxide
7318 – Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel	Carbon dioxide
7320 20 89 – Other helical springs, of iron or steel	Carbon dioxide
7320 90 90 – Other springs and leaves for springs, of iron or steel	Carbon dioxide
7323 94 00 – Table, kitchen or other household articles, and parts thereof, of iron other than cast iron or steel, enamelled	Carbon dioxide
7323 99 00 – Other table, kitchen or other household articles, and parts thereof	Carbon dioxide
7325 – Other cast articles of iron or steel	Carbon dioxide
7326 – Other articles of iron or steel	Carbon dioxide

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(2) the following table is added:

‘[**Combined metal products**

CN code	Greenhouse gas
7314 31 00 – Other grill, netting and fencing, of iron or steel wire, welded at the intersection, plated or coated with zinc	Carbon dioxide
7314 41 00 – Grill, netting and fencing, of iron or steel wire, not welded at the intersection, plated or coated with zinc	Carbon dioxide
7314 49 00 – Grill, netting and fencing, of iron or steel wire, not welded at the intersection (excl. plated or coated with zinc or coated with plastics)	Carbon dioxide
7317 00 – Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 8305) and similar articles of iron or steel, whether or not with heads of other material but excluding such articles with heads of copper	Carbon dioxide
ex- 7415 10 00 – Nails, tacks, drawing pins, staples and similar articles, of copper or of iron or steel with heads of copper, containing steel or aluminium	Carbon dioxide

PUBLIC

ex- 8302 42 00 – Other base metal mountings, fittings and similar articles suitable for furniture, containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex-8302 49 00 – Other base metal mountings, fittings and similar articles, containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8309 90 90 – Other stoppers, caps and lids, (including screw caps and pouring stoppers, capsules for bottles, threaded bungs, bung covers, seals and other packing accessories, of base metal), containing steel or aluminium	Carbon dioxide and perfluorocarbons
8408 20 10 – Compression-ignition internal combustion piston engine (diesel or semi-diesel engine) for the industrial assembly of: pedestrian-controlled tractors of subheading 8701 10, motor vehicles of heading 8703, motor vehicles of heading 8704 with engines of a cylinder capacity of less than 2.500 cm^3 and motor vehicles of heading 8705	Carbon dioxide and perfluorocarbons
8408 20 51 – Compression-ignition internal combustion	Carbon dioxide and perfluorocarbons

PUBLIC

piston engine (diesel or semi-diesel engine) for vehicles of chapter 87, of a power not exceeding 50 kW	
8408 20 55 – Compression-ignition internal combustion piston engine (diesel or semi-diesel engine) for vehicles of chapter 87, of a power exceeding 50 kW but not exceeding 100 kW	Carbon dioxide and perfluorocarbons
8408 20 57 – Compression-ignition internal combustion piston engine (diesel or semi-diesel engine) for vehicles of chapter 87, of a power exceeding 100 kW but not exceeding 200 kW	Carbon dioxide and perfluorocarbons
8408 20 99 – Compression-ignition internal combustion piston engine (diesel or semi-diesel engine) for vehicles of chapter 87, of a power exceeding 200 kW	Carbon dioxide and perfluorocarbons
8408 90 65 – Compression-ignition internal combustion piston engine (diesel or semi-diesel engine), new, of a power exceeding 200 kW but not exceeding 300 kW	Carbon dioxide and perfluorocarbons

PUBLIC

8408 90 67 – Compression-ignition internal combustion piston engine (diesel or semi-diesel engine), new, of a power exceeding 300 kW but not exceeding 500 kW	Carbon dioxide and perfluorocarbons
8413 30 – Fuel, lubricating or cooling medium pumps for internal combustion piston engine	Carbon dioxide and perfluorocarbons
8413 70 35 – Other centrifugal pumps, with a discharge outlet diameter not exceeding 15 mm	Carbon dioxide and perfluorocarbons
8416 10 – Furnace burners for liquid fuel	Carbon dioxide and perfluorocarbons
8416 20 – Other furnace burners, including combination burners	Carbon dioxide and perfluorocarbons
ex- 8416 90 00 – Parts of furnace burners, mechanical stokers, including their mechanical grates, mechanical ash dischargers and similar appliances, containing steel or aluminium	Carbon dioxide and perfluorocarbons
8418 10 – Combined refrigerator-freezers, fitted with separate external doors or drawers, or combinations thereof	Carbon dioxide and perfluorocarbons

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ex- 8418 99 90 – Parts of refrigerating or freezing equipment and heat pumps, containing steel or aluminium	Carbon dioxide and perfluorocarbons
8419 89 10 – Cooling towers and similar plant for direct cooling (without a separating wall) by means of recirculated water	Carbon dioxide and perfluorocarbons
8419 89 98 – Other machinery, plant and equipment	Carbon dioxide and perfluorocarbons
ex- 8419 90 85 – Parts of machinery, plant or laboratory equipment, containing steel or aluminium	Carbon dioxide and perfluorocarbons
8420 91 – Cylinders for calendering or other rolling machines (other than for metals or glass)	Carbon dioxide and perfluorocarbons
ex- 8421 23 00 – Oil or petrol-filters for internal combustion engines, containing steel or aluminium	Carbon dioxide and perfluorocarbons
8424 30 – Steam or sand blasting machines and similar jet projecting machines	Carbon dioxide and perfluorocarbons
ex- 8424 82 10 – Agricultural or horticultural watering	Carbon dioxide and perfluorocarbons

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appliances, containing steel or aluminium	
ex- 8424 89 – Other mechanical appliances, whether or not hand-operated, for projecting, dispersing or spraying liquids or powders, n.e.s., containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8424 90 – Parts of mechanical appliances, fire extinguishers, spray guns and similar appliances, steam or sandblasting machines and similar jet projecting machines, containing steel or aluminium	Carbon dioxide and perfluorocarbons
8425 31 00 – Winches and capstans powered by electric motor	Carbon dioxide and perfluorocarbons
8425 39 00 – Other winches and capstans	Carbon dioxide and perfluorocarbons
8425 42 00 – Other jacks and hoists, hydraulic of a kind used for raising vehicles	Carbon dioxide and perfluorocarbons
8426 19 00 – Other overhead travelling cranes, transporter cranes, gantry cranes, bridge cranes and mobile lifting frames	Carbon dioxide and perfluorocarbons
8426 99 00 – Other Ships' derricks; cranes, including cable cranes; mobile lifting frames,	Carbon dioxide and perfluorocarbons

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straddle carriers and works trucks fitted with a crane:	
8427 90 00 – Other works trucks fitted with lifting or handling equipment, not self-propelled	Carbon dioxide and perfluorocarbons
8428 20 – Pneumatic elevators and conveyors	Carbon dioxide and perfluorocarbons
8428 33 00 – Continuous-action elevators and conveyors for goods or materials, belt type	Carbon dioxide and perfluorocarbons
8428 39 90 – Other Continuous-action elevators and conveyors for goods or materials elevators	Carbon dioxide and perfluorocarbons
8428 70 00 – Industrial robots	Carbon dioxide and perfluorocarbons
8428 90 – Other machinery for lifting, handling, loading or unloading not elsewhere specified	Carbon dioxide and perfluorocarbons
8430 61 00 – Tamping or compacting machinery, not self-propelled	Carbon dioxide and perfluorocarbons
8430 69 00 – Other machinery, not self-propelled	Carbon dioxide and perfluorocarbons
ex- 8431 10 00 – Parts of machinery of heading 8425 (pulley tackles and hoists (other than skip hoists), winches,	Carbon dioxide and perfluorocarbons

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capstans and jacks), containing steel or aluminium	
ex- 8431 20 00 – Parts of machinery of heading 8427 (fork-lift trucks and other works trucks fitted with lifting or handling equipment), containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8431 31 00 – Parts of lifts, skip hoists or escalators, containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8431 39 00 – Other parts of machinery of heading 8428, containing steel or aluminium	Carbon dioxide and perfluorocarbons
8431 49 – Other parts of machinery of heading 8426, 8429 or 8430	Carbon dioxide and perfluorocarbons
8432 80 00 – Other agricultural, horticultural or forestry machinery for soil preparation or cultivation; lawn or sports-ground rollers	Carbon dioxide and perfluorocarbons
8432 90 00 – Parts of agricultural, horticultural or forestry machinery for soil preparation or cultivation or of lawn or sports-ground rollers	Carbon dioxide and perfluorocarbons

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8450 11 – Fully-automatic household or laundry-type washing machines	Carbon dioxide and perfluorocarbons
8450 12 00 – Other household or laundry-type washing machines, with built-in centrifugal drier	Carbon dioxide and perfluorocarbons
8450 19 00 – Other household or laundry-type washing machines, of a dry linen capacity not exceeding 10 kg	Carbon dioxide and perfluorocarbons
8451 21 00 – Drying machines, of a dry linen capacity not exceeding 10 kg	Carbon dioxide and perfluorocarbons
8454 10 00 – Converters of a kind used in metallurgy or in metal foundries	Carbon dioxide and perfluorocarbons
8454 20 00 – Ingot moulds and ladles, of a kind used in metallurgy or in metal foundries	Carbon dioxide and perfluorocarbons
8454 30 – Casting machines of a kind used in metallurgy or in metal foundries	Carbon dioxide and perfluorocarbons
8464 10 00 – Sawing machines	Carbon dioxide and perfluorocarbons
8464 90 00 – Other machine tools for working stones, ceramics, concrete, asbestos	Carbon dioxide and perfluorocarbons

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cement or like mineral materials or for cold-working glass	
8474 10 00 – Sorting, screening, separating or washing machines for earth, stone, ores or other mineral substances, in solid (including powder or paste) form	Carbon dioxide and perfluorocarbons
8474 20 00 – Crushing or grinding machines for earth, stone, ores or other mineral substances, in solid (including powder or paste) form	Carbon dioxide and perfluorocarbons
8474 39 00 – Other mixing or kneading machines for earth, stone, ores or other mineral substances, in solid (including powder or paste) form	Carbon dioxide and perfluorocarbons
8479 10 00 – Machinery for public works, building or the like	Carbon dioxide and perfluorocarbons
ex- 8480 50 00 – Moulds for glass, containing iron	Carbon dioxide and perfluorocarbons
8501 32 00 – DC motors, DC generators of an output exceeding 750 W but not exceeding 75 kW (other than photovoltaic generators)	Carbon dioxide and perfluorocarbons

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8501 53 81 – AC motors, multi-phase, of an output of exceeding 75 kW but not exceeding 375 kW	Carbon dioxide and perfluorocarbons
8504 31 80 – Other transformers having a power handling capacity not exceeding 1 kVA	Carbon dioxide and perfluorocarbons
8504 33 00 – Other transformers having a power handling capacity exceeding 16 kVA but not exceeding 500 kVA	Carbon dioxide and perfluorocarbons
ex- 8504 50 00 – Inductors, containing steel or aluminium	Carbon dioxide and perfluorocarbons
8515 39 90 – Other machines and apparatus for arc welding of metals, incl. plasma arc (including plasma arc) welding of metals	Carbon dioxide and perfluorocarbons
ex- 8544 11 10 – Winding wire for electrical purposes, of copper, lacquered or enamelled, containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8544 11 90 – Winding wire for electrical purposes, of copper, insulated (excl. lacquered or enamelled), containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8544 19 00 – Winding wire for electrical purposes, of	Carbon dioxide and perfluorocarbons

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material other than copper, insulated, containing steel or aluminium	
ex- 8544 49 20 – Conductors, electric, for a voltage <= 80 V, insulated, not fitted with connectors, of a kind used for telecommunications, n.e.s., containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8544 49 91 – Electric wire and cables, for a voltage <= 1.000 V, insulated, not fitted with connectors, with individual conductor wires of a diameter > 0,51 mm, n.e.s., containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8544 49 93 – Conductors, electric, for a voltage <= 80 V, insulated, not fitted with connectors, n.e.s. (excl. winding wire, coaxial conductors, wiring sets for vehicles, aircraft or ships, and wire and cables with individual conductor wires of a diameter > 0,51 mm), containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8544 49 95 – Electric conductors for a voltage > 80 V but < 1.000 V, insulated, not fitted with connectors, n.e.s. (excl. winding wire, coaxial	Carbon dioxide and perfluorocarbons

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conductors, wiring sets for vehicles, aircraft or ships, and wire and cables with individual conductor wires of a diameter > 0,51 mm), containing steel or aluminium	
ex- 8544 49 99 – Electric conductors for a voltage 1.000 V, insulated, not fitted with connectors, n.e.s. (excl. winding wire, coaxial conductors, wiring sets for vehicles, aircraft or ships, and wire and cables with individual conductor wires of a diameter > 0,51 mm), containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8544 60 10 – Electric conductors for a voltage > 1.000 V, insulated, with copper conductors, n.e.s., containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 8544 60 90 – Electric conductors for a voltage > 1.000 V, insulated, not with copper conductors, n.e.s., containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex 8704 21 – Motor vehicles of a gross vehicle weight not exceeding 5 tonnes, excluding 8704 21 39 and 8704 21 99	Carbon dioxide and perfluorocarbons

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ex 8704 22 – Motor vehicles of a gross vehicle weight exceeding 5 tonnes but not exceeding 20 tonnes, excluding 8704 22 99	Carbon dioxide and perfluorocarbons
ex 8704 23 10 – Motor vehicles of a gross vehicle weight exceeding 20 tonnes, excluding 8704 23 99	Carbon dioxide and perfluorocarbons
ex 8704 31– Motor vehicles, with only spark-ignition internal combustion piston engine, of a gross vehicle weight not exceeding <= 5 tonnes, excluding 8704 31 39 and 8704 31 99	Carbon dioxide and perfluorocarbons
ex 8704 32 10 – Motor vehicles, with only spark-ignition internal combustion piston engine, of a gross vehicle weight exceeding 5 tonnes, excluding 8704 32 99	Carbon dioxide and perfluorocarbons
ex 8704 41 – Motor vehicles, with both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion, of a gross vehicle weight not exceeding 5 t, excluding 8704 41 39 and 8704 41 99	Carbon dioxide and perfluorocarbons

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ex 8704 42 – Motor vehicles, with both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion, of a gross vehicle weight exceeding 5 tonnes but not exceeding 20 tonnes, excluding 8704 42 99	Carbon dioxide and perfluorocarbons
ex 8704 43 – Motor vehicles, with both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion, of a gross vehicle weight exceeding 20 tonnes, excluding 8704 43 99	Carbon dioxide and perfluorocarbons
8704 60 00 – Motor vehicles for the transport of goods, with only electric motor as motor for propulsion	Carbon dioxide and perfluorocarbons
8704 90 00 – Other motor vehicles for the transport of goods	Carbon dioxide and perfluorocarbons
8706 00 – Chassis fitted with engines, for motor vehicles of heading 8701 to 8705	Carbon dioxide and perfluorocarbons
8707 10 – Bodies for the vehicles of heading 8703	Carbon dioxide and perfluorocarbons

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8708 40 – Gear boxes and parts thereof, of the motor vehicles of headings 8701 to 8705	Carbon dioxide and perfluorocarbons
8708 70 – Road wheels and parts and accessories thereof, of the motor vehicles of headings 8701 to 8705	Carbon dioxide and perfluorocarbons
8708 80 – Suspension systems and parts thereof, including. shock-absorbers, of the motor vehicles of headings 8701 to 8705	Carbon dioxide and perfluorocarbons
ex- 8708 91 – Radiators and parts thereof, for the industrial assembly of: pedestrian-controlled tractors of subheading 8701 10, vehicles of heading 8703, vehicles of heading 8704 with either a, containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex 8716 80 00 – Other vehicles pushed or drawn by hand	Carbon dioxide and perfluorocarbons
8716 90 90 – Other parts of trailers, semi-trailers and other vehicles	Carbon dioxide and perfluorocarbons
9018 32 10 – Tubular metal needles	Carbon dioxide and perfluorocarbons

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ex- 9018 90 75 – Apparatus for nerve stimulation, containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 9018 90 84 – Other instruments and appliances , containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 9027 10 90 – Other gas or smoke analysis apparatus, containing steel or aluminium	Carbon dioxide and perfluorocarbons
9401 79 00 – Seats, with metal frames	Carbon dioxide and perfluorocarbons
9403 10 – Metal furniture of a kind used in offices	Carbon dioxide and perfluorocarbons
ex- 9403 20 – Other metal furniture, containing steel or aluminium	Carbon dioxide and perfluorocarbons
ex- 9406 90 90 – Prefabricated buildings, containing steel or aluminium	Carbon dioxide and perfluorocarbons

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ANNEX II

Annex IV is amended as follow:

(1) in point 1, points (e) and (f) are replaced by the following:

'(e) 'emission factor for electricity' means the weighted average of the CO2 intensity of the electricity produced within a geographic area;

(f) 'power purchase agreement' means a contract under which a person agrees to purchase electricity directly from an electricity producer and that involves the physical delivery of electricity;';

(2) point 3 is replaced by the following:

'For determining the specific actual embedded emissions of complex goods produced in a given installation, the following equation is to be applied:

$$\mathrm{SEE_g} = \frac{\mathrm{AttrEm_g} + \mathrm{EE_{InpMat}}}{\mathrm{AL_g}}$$

Where:

– $\mathrm{AttrEm_g}$ are the attributed emissions of goods g;

– $\mathrm{AL_g}$ is the activity level of the goods, being the quantity of goods produced in the reporting period in that installation, and

– $\mathrm{EE_{InpMat}}$ are the embedded emissions of the input materials (precursors) consumed in the production process. Only input materials (precursors) listed in Annex I and Annex VIII and originating in third countries and territories that are not exempted pursuant to Annex III, Section 1 are to be considered. The relevant $\mathrm{EE_{InpMat}}$ are calculated as follows:

$$\boldsymbol{EE_{InpMat} = \sum_{i=1}^{n} M_i \cdot SEE_i}$$

Where:

– M_i is the mass of input material (precursor) i used in the production process, and

– SEE_i are the specific embedded emissions for the input material (precursor) i. For SEE_i the operator of the installation shall use the value of emissions resulting from the installation where the input material (precursor) was produced, provided that that installation's data can be adequately measured.

However, for goods listed in sections 'Iron and Steel', 'Aluminium' and 'Combined Metal Goods' of Annex I, Mi is a function of the content of goods used as input materials (precursors) in the manufacturing of the good.';

(3) point 4.2.1 is replaced by the following:

'4.2.1. Specific default values for a third country, group of third countries or region within a third country

Specific default values shall be set at the emission factor for electricity in the third country, group of third countries or region within a third country, based on the best data available to the Commission.';

(4) point 4.2.2 is replaced by the following:

'4.2.2. Alternative default values

Where a specific default value is not available for a third country, a group of third countries, or a region within a third country, the alternative default value for electricity shall be set at the emission factor for electricity in the Union.

Where it can be demonstrated, on the basis of reliable data, that the emission factor for electricity in a third country, a group of third countries or a region within a third country is lower than the specific default value determined by the Commission or lower than the emission factor for electricity in the Union, an alternative default value based on that emission factor for electricity shall be used for that third country, group of third countries or region within a third country.';

(5) in point 4.3, the second paragraph is replaced by the following:

'Where a third country, or a group of third countries, demonstrates to the Commission, on the basis of reliable data, that the average electricity mix emission factor or CO2 emission factor of price-setting sources in the third country or group of third countries is lower than the default value for indirect emissions, an alternative default value based on that average

electricity mix emission factor or on that average CO2 emission factor shall be established for this country or group of countries.';

(6) point 5 is amended as follows:

(a) point (a) is replaced by the following:

'(a) the amount of electricity for which the use of actual embedded emissions is claimed is covered by a power purchase agreement between the importer or authorised CBAM declarant and a producer of electricity located in a third country. Power purchase agreements involving intermediaries shall also be allowed, as long as a verifiable contractual relationship between the producer of electricity, the intermediaries, and the importer, or CBAM declarant, can be demonstrated, in relation to the electricity for which the use of actual emissions is claimed;';

(b) point (b) is deleted;

(c) point (d) is replaced by the following:

'(d) the amount of electricity for which the use of actual embedded emissions is claimed has been firmly nominated to the allocated interconnection capacity by all responsible transmission system operators in the country of origin, the country of destination and, if relevant, each country of transit, and the nominated capacity and the production of electricity by the installation refer to the same period of time, which shall not be longer than one hour. This criterion shall not be fulfilled in cases where transmission capacity for the import of electricity is allocated through implicit capacity allocation;'.

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ANNEX III

The following Annex VIII is added:

'*ANNEX VIII*

List of non-CBAM goods and greenhouse gases considered as input materials (precursors)

Iron and steel

CN code	Greenhouse gas
ex 7204 Ferrous waste and scrap; remelting scrap ingots and steel except post-consumer scrap	Carbon dioxide

Aluminium

CN code	Greenhouse gas
ex 7602 Aluminium waste and scrap except post-consumer scrap	Carbon dioxide

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