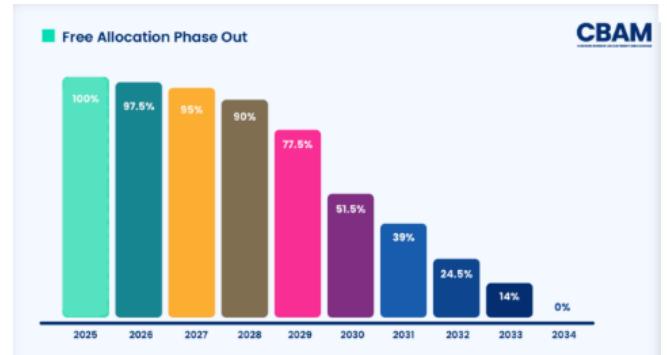


Carbon adjustment mechanism (CBAM)

The **Carbon Border Adjustment Mechanism** (CBAM, or MACF in French) is one of the central instruments of the Fit for 55 legislative package. Created by Regulation 2023/956, it aims to **ensure equal carbon treatment** between goods produced within the European Union (subject to the EU Emissions Trading System – EU-ETS) and goods imported from third countries that do not have an equivalent carbon pricing system.

Starting **January 1, 2026**, European importers of certain products (steel, aluminium, cement, fertilizers, hydrogen, electricity) will be required to **purchase and surrender certificates**, whose value is indexed to the weekly average carbon price and the carbon content of the products. The carbon content can be determined by **actual values** after an audit of the relevant sites according to requirements that must be at least as strict as those imposed on sites under the ETS, or by a default value for the product and country concerned. The certificates to be surrendered are adjusted to account for the benchmark and thus for the EU ETS quotas allocated free of charge.



The Commission was supposed to present, before December 31, 2024, the measures envisaged (via a supplementary regulation) to **protect against carbon leakage downstream** in the steel-iron, aluminium, cement, and ammonia sectors and **to protect exports**; a European producer of a good subject to CBAM or incorporating a good subject to CBAM faces a local decarbonization cost that reduces its export competitiveness. This presentation has been postponed to December 17, 2025. Given the legislative process, **this means that downstream industry and exporting sectors will not be protected in 2026**.

The Commission has also planned to present its draft delegated act concerning "default values" and the applicable reference (CBAM benchmark), with entry into force as of January 1, 2026.

Position:

Objective: improve and enhance the current version of the Carbon Border Adjustment Mechanism (CBAM):

- Create a true compensation mechanism for the carbon costs borne by European industrialists on their **exports** (goods subject to CBAM or products containing goods subject to CBAM), to establish a fair level playing field between the European market and international markets.
- Confirm that the **benchmarks used for CBAM will be aligned** in level with those of the ETS for the same period.
- Use default values to:
 - Strengthen the prevention of circumvention, notably resource shuffling, by **making the use of these values mandatory and calibrating them appropriately**¹. This requirement should remain in place until the review of a CBAM that includes downstream and export, i.e., at least until 2028.
 - Implement a grid **by country and by product** to cover the most exposed downstream sectors (a limited list of customs codes) and a grid **by country to cover all² other downstream** products. The extension should be made at the request of the sectors concerned by the relevant customs codes.
- **Vote for a calendar freeze in 2026 on the trajectory of the reduction of free quota allocations** to maintain it at the 2026 rate (97.5% as stated in Directive 2003/87/EC, Article 10a) as long as the extension measures to downstream and export are not implemented. The legislative vehicle used will also specify the mandatory use of default values.
- Do not include indirect emissions for sectors that do not expressly request it, as they are covered by the indirect compensation mechanism.

¹ Through an appropriate level of the mark-ups provided for under the provisions of section 4.1 of Annex IV.

² For a sector covered by the CBAM, downstream chain products would have a single default value linked to the exporting country, except for a limited list of products with a specific value by product and by country. This dual mechanism aims to address the complexity of calculations and controls.