



# **Assessing the EU CBAM: Reporting Rules for the World's First Carbon Import Fee**

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## I. Introduction

In August, the EU released its implementing regulation for the first phase of the Carbon Border Adjustment Mechanism (CBAM), which will span from October 1, 2023 through December 31, 2025. The transitional period will require that importers report specific emissions information associated with the production of iron and steel, aluminum, cement, fertilizers, hydrogen, and electricity imported into the EU. Beginning in 2026, importers will be required to pay a fee on those emissions. The Commission intends to gradually increase the import charge until it mirrors that of the EU's domestic Emissions Trading System (ETS). The transitional period will mark the first time a carbon import regime has been placed on internationally traded goods.

The implementing regulation details emissions accounting and reporting obligations for the CBAM transitional period. This period will serve as both an adjustment phase for importers and as a data collection and evaluation phase for EU policymakers. The implementing regulation 1) lays the ground rules for sector-specific emissions accounting; 2) establishes the different communication channels for data collection and reporting; and 3) aims to balance short-term flexibility and the maximization of consistent and precise data collection, which will allow the European Commission to make informed policy determinations for the CBAM's post-2025 definitive period.

This paper provides an overview of the implementing regulation and critical analysis on its potential implications. Section III lays out relevant information for the monitoring and reporting of product-level emissions, including specific information on the rules for indirect emissions and emissions from precursors. Section IV discusses the various obligations for importers of CBAM-covered products, including the substance of CBAM reports, reporting timeline, and potential penalties for non-compliance. Finally, Section V provides analysis on the content, policy design, and potential adverse effects of the implementing regulation for the CBAM transitional period.

## II. Definitions

- The '**CBAM regulation**' refers to the CBAM legislation finalized by the Parliament and Council in May of this year.<sup>i</sup>
- The '**Implementing regulation**' refers to the final regulation for emissions measurement and reporting approaches during the CBAM transitional period, adopted by the European Commission in August of this year. This regulation is the focus of this analysis.<sup>ii</sup>
- '**Importer**' means the person who submits a customs declaration for an imported good; this person is also responsible for submitting the CBAM report to the European Union transitional registry.<sup>iii</sup>
- '**Installation operator**' refers to the person who controls an installation, a stationary technical unit where a production process occurs, outside of the EU.<sup>iv</sup>

- **‘System boundaries’** are the parameters that the regulation sets for the monitoring of emissions for each covered product. Emissions from all production processes within the system boundaries must be included in emissions reporting.
- **“Aggregated goods categories”** refer to groupings of CBAM-covered products that are covered by common monitoring rules and rely on one production process.<sup>v</sup>
- **‘Production processes’** mean the physical or chemical processes, included in the specified system boundaries of a covered product, that occur in parts of an installation to produce the CBAM-covered good.<sup>vi</sup>
- **‘Production route’** means the specific technology that is used in a production process to manufacture a CBAM-covered good.<sup>vii</sup>
- A **‘reporting period’** refers to the temporal window over which the operator of an installation measures and reports the embedded emissions associated with manufactured products.
- **‘Embedded emissions’** refer to the greenhouse gas emissions that are associated with the production of a CBAM-covered good. They include CO<sub>2</sub> for all goods, as well as PFC emissions for covered aluminum goods and NO<sub>2</sub> for nitric acid and mixed fertilizers.<sup>viii</sup>
- **‘Specific embedded emissions’** mean the embedded emissions of one tonne of the relevant good, expressed as tonnes of CO<sub>2</sub>e<sup>ix</sup> emissions per tonne of imported good or per megawatt hour (MWh) of imported electricity.<sup>x</sup>
- **‘Direct emissions’** are embedded emissions from the production processes of goods, including emissions from the production of heating and cooling consumed during the production processes, regardless of the location of the production of the heating and cooling.<sup>xi</sup>
- **‘Indirect emissions’** are embedded emissions from the production of electricity, which is consumed during the production processes of goods, regardless of the location of the production of the consumed electricity.<sup>xii</sup>
- **‘Precursors’** refer to goods that are input into the manufacturing process along the supply chain of a CBAM-covered product. They are specifically identified by the system boundaries as materials for which both direct and indirect emissions must be included in the total embedded emissions of the final product.<sup>xiii</sup>
- **‘Default values’** mean substitute values, either calculated or drawn from secondary data, that can represent the embedded emissions of a good when real data is not available.<sup>xiv</sup>
- **‘Calculation factors’** refers to standard values, like emission factors or carbon content, taken from a variety of published data sources.<sup>xv</sup>
- **‘Competent Authority’** refers to the appointed body in each Member State, for example the German Environment Agency, that is responsible for reviewing CBAM reports for goods received by their country, assessing their completeness, and imposing non-compliance fees to corresponding importers when justified.
- **‘Specific direct embedded emissions’** mean the direct embedded emissions of the goods produced, divided by the product leaving the production process. The result is expressed as tonne of CO<sub>2</sub> per tonne of product or per MWh for imported electricity.<sup>xvi</sup>

- **‘Specific indirect embedded emissions’** mean the indirect embedded emissions of the goods produced, divided by the product leaving the production process. The result is expressed as tonne of CO<sub>2</sub> per tonne of product.<sup>xvii</sup>

### III. Guidance for Operators: Calculating Product-level Emissions

The implementing regulation and annexes detail the rules for product-level emissions accounting during the transitional period. Importantly, all CBAM obligations fall entirely on the importer, who must request necessary information from upstream operators in order to comply with data calculation and reporting standards. Rules for the calculation of product-level emissions, as a result, may be better understood as *guidance* for installation operators, such that they may satisfy the informational needs of importers, who face regulatory obligations during the transitional phase. This guidance offers considerable flexibilities for operators during the transitional period, to assist them in adapting to CBAM emissions measurement standards and to provide a cushion for the importers that are bound by new regulatory requirements.

The basic calculation procedures of the implementing regulation include guidance on how to determine system boundaries, direct emissions, indirect emissions, and emissions from precursors. This section describes that guidance and identifies two important requirements that may have been overlooked even by keen CBAM observers: reporting requirements for indirect emissions of all CBAM-covered products and an unfamiliar reporting structure for the direct and indirect emissions from precursors.

#### Defining Calculation Parameters

The regulation specifies system boundaries for which production processes are relevant to determining the emissions associated with producing covered goods. System boundaries are assigned by “aggregated goods categories,” groupings of CBAM-covered products that are covered by common monitoring rules and involve similar production processes.<sup>xviii</sup> For example, semi-finished products of iron and stainless steel are grouped together under the aggregated goods category “crude steel.” The system boundaries describe relevant production processes and provide specific guidance for potential production routes within each process.<sup>xix</sup>

Operators must also define their reporting period, a sample window within which the operator will be able to calculate a fixed value for each variable in the equation below. The standard reporting period is one calendar year, but operators may opt for an alternative so long as the reporting period is still greater than three months.<sup>xx</sup>

A good's specific embedded emissions are calculated as follows:

$$\text{Specific embedded emissions} = \frac{\text{Direct emissions (+ indirect emissions)}}{\text{Product "leaving the production process"}}$$

## Direct Emissions

The direct emissions associated with a covered good are emissions from the production processes required to make the good, including those generated by heating and cooling. To determine direct emissions, operators may use either a calculation-based or a measurement-based approach. With the calculation-based approach, operators can opt for the standard method of calculating emissions separately for combustion and process emissions, using input data, output data, and calculation factors.<sup>xxi</sup> Alternatively, operators may use the mass-balance method to subtract the mass of output from that of inputs, allocating the lost emissions to the output products.<sup>xxii</sup> With the monitoring-based approach, operators must install a Continuous Emissions Measurement System (CEMS) at suitable measurement points to track emissions outputs directly.<sup>xxiii</sup>

For the transitional period, operators may use their own stated method for data collection until July 2024 and any method used by a regulatory system in the product's origin country until December 2024, so long as it leads to "similar coverage and accuracy."<sup>xxiv</sup> Additionally, operators may make some estimations for direct emissions throughout the transitional period, so long as these estimations do not exceed 20% of the total embedded emissions of the imported good.<sup>xxv</sup>

## Expansive Coverage for Indirect Emissions

The indirect emissions associated with a covered good are emissions from the production of electricity consumed during the production process of the good. To calculate indirect emissions, operators must monitor their electricity consumption. If the electricity is generated within the installation or by a source with a direct technical link, an operator can report the precise emissions associated with consumed electricity.<sup>xxvi</sup> Otherwise, operators should calculate their indirect emissions by using the average emission factors of the electricity grid in the country of origin from the International Energy Agency (IEA) or other publicly available data.<sup>xxvii</sup>

**For the transitional period, indirect emissions "have to be reported for all CBAM goods."**<sup>xxviii</sup> The CBAM regulation specified a list of goods for which indirect emissions would not be subject to an import charge in the early stages of the definitive period and described that indirect emissions for this list should "not be taken into account initially".<sup>xxix</sup> It also states, however, that the transitional period should be used to collect data on indirect emissions. The implementing regulation clarifies that indirect emissions

for *all* CBAM-covered goods must be reported during the transitional period. This is meant to help the Commission specify a methodology for calculating indirect emissions moving forward.<sup>xxx</sup>

### Determining Product Quantity and Allocating Emissions

In order to allocate emissions across goods, operators must identify the quantity of product “leaving the production process” within the given reporting period. All emissions that are associated with a good’s production processes within this time frame are allocated to this product output. The total emissions are divided by the total product, yielding the specific embedded emissions within one unit of the CBAM-covered good.

The simple attribution of all emissions to goods leaving the production process has some important implications for operators that may create two or more products simultaneously or produce significant amounts of non-covered output that is recycled, discarded, or sold from the same production process. Only the useful covered goods are accounted for, even if emissions may actually be associated with the production of other products.

### Emissions from Precursors, an Unfamiliar Emissions Allocation Approach

If an imported good is manufactured from precursors that are also CBAM-covered goods, operators may also need to report the emissions associated with those precursors. The implementing regulation stipulates a list of relevant precursors, described below, and identifies the precursors that are relevant to the production processes for which operators are asked to collect and report data (see Table 1).

Table 1: lists the precursors that must be included in the emissions calculations of CBAM-covered products in various sectors.

<b>Covered Products</b>	<b>Iron &amp; Steel</b>	<b>Aluminum</b>	<b>Cement</b>	<b>Fertilizers</b>
<b>Covered Precursors</b>	Sintered ore, pig iron, direct-reduced iron, ferrous alloys, hydrogen, and crude steel	Unwrought aluminum from primary smelting, aluminum products	Calcined clay, cement clinker	Hydrogen, ammonia, nitric acid, urea, mixed fertilizers

The implementing regulation instructs operators to calculate direct and indirect emissions from precursors just like any other CBAM-covered product. When real data for the emissions associated with precursors cannot be determined, operators may use default values. Until July 31, 2024, default values can be used for precursors “without quantitative limit;”<sup>xxxix</sup> for the remainder of a transitional period, default values or other estimations for emissions from precursors and other sources can be used for up to 20% of a product’s total embedded emissions.<sup>xxxii</sup> The European Commission has yet to publish default values.

Unconventionally, the monitoring principles specify that **direct and indirect emissions from precursors should be allocated separately** – a covered good’s direct embedded emissions should include direct emissions from precursors and its indirect embedded emissions should include indirect emissions from precursors.<sup>xxxiii</sup> This may be in conflict with the CBAM regulation, which suggests that the direct and indirect emissions of precursor goods should be summed together to yield the total embedded emissions of the precursor.<sup>xxxiv</sup> It is also in conflict with conventional carbon accounting approaches, which consider all emissions associated with a precursor product to be “indirect emissions.”<sup>xxxv</sup>

## IV. Obligations for Importers: Reporting Product-level Emissions

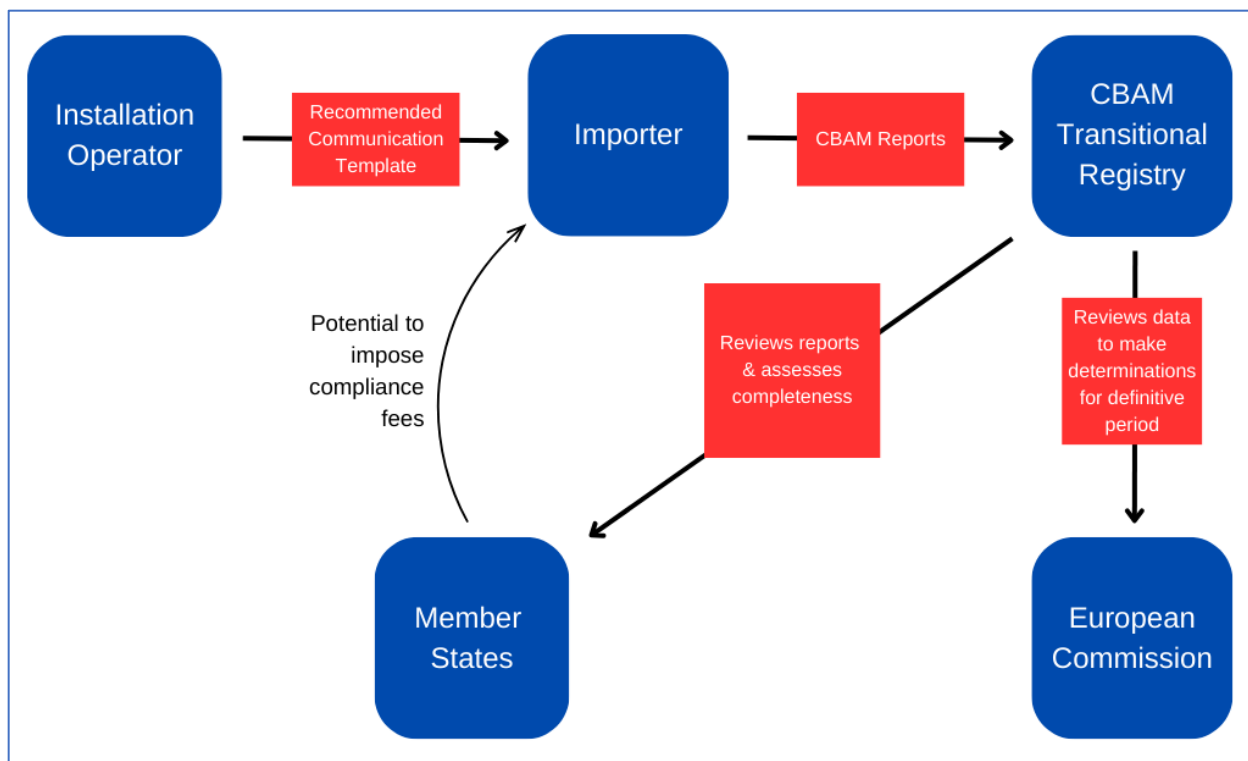
The CBAM imposes all regulatory burdens on the importer, who is responsible for collecting all necessary information about imported goods and will be responsible for all import charges and penalties. This section describes the obligations for importers during the transitional period.

### Reporting Timeline and Procedure

Importers must submit CBAM reports on a quarterly basis during the transitional period. In general, importers must submit CBAM reports no later than one month after the end of each quarter during which goods are imported. CBAM reports may be modified for an additional month after that; the first two CBAM reports may be modified until the submission deadline for the third report in July 2024.<sup>xxxvi</sup> The first CBAM report, covering all imports of covered products that take place in the fourth quarter of 2023, is due on January 31, 2024.

An importer can submit a CBAM report either directly or through an indirect customs representative. The report must follow a specific report structure and be uploaded to the CBAM Transitional Registry, a standardized and secured electronic database that is also described in the implementing regulation (see Figure 1). This registry is intended to collect information, protect confidentiality, and provide data access to the Commission and the Competent Authority of the receiving Member State.





**Figure 1:** illustrates the flow of data from the installation operator all the way to the Member States and the European Commission. This figure displays the pathways for both data communication and data assessment procedures.

## Content of CBAM Reports

Importers are required to submit detailed information in each CBAM report:<sup>xxxvii</sup>

- the quantity of imports (expressed in MWh for electricity and tonnes for all other goods);
- product identification (using the Combined Nomenclature);
- the country of origin;
- identifying information for manufacturing installations;
- the production routes used at the installation;
- specific direct embedded emissions;
- specific indirect embedded emissions (or defaults);
- any carbon prices previously paid on the good; and
- miscellaneous additional information.

## Penalties

In the transition phase, penalties will be imposed on importers who have not submitted a report or have not taken steps to correct their reports when they do not meet the necessary requirements. The penalties will range from EUR 10 to EUR 50 for each ton of unreported specific embedded emissions. The specific fee is largely left to the

discretion of the competent authority in the receiving Member State, which will consider the following factors:<sup>xxxviii</sup>

- the extent of unreported information;
- intentionally negligent behavior;
- previous noncompliance; and
- attempts to correct mistakes moving forward.

Reports that remain non-compliant for over six months may be subject to larger fines. The implementing regulation stipulates that the European Commission should also monitor reports to provide for an “indicative assessment” of importers’ adherence to the regulations and “to ensure coherency” of applied penalties.<sup>xxxix</sup> Otherwise, correction procedures and penalty enforcement are left to the member states.

## V. Evaluating the Implementing Regulation

With the first reporting deadline fast approaching, the implementing regulation reflects the product-level emissions intensity calculation procedures for the CBAM transitional period. Importers and their suppliers will soon face the first series of reporting obligations. In this section, we assess potential adverse effects related to the regulation’s permitted short-term flexibilities, use of taxonomy, operational approach, data and confidential business information handling, and the broader political context.

### Reporting Flexibility: A Double-Edged Sword

The implementing regulation endeavors to find a middle ground between firm reporting rules and accommodating flexibility for the transitional period. The balance here is critical. Too much regulatory rigidity will impede operators’ ability to make necessary adjustments for long-term compliance. Too much flexibility will weaken the quality of data intended to inform post-2025 CBAM policy decisions and complicate comparing imported products based on their carbon intensities.

In many ways, the flexibility within the implementing regulation will be a productive addition to the CBAM phase-in. The permissibility of default values and acceptability of alternate emissions accounting methods will increase operators’ ability to comply with an ambitious policy design, especially given the wide discrepancy in industry preparedness around the globe. Operators may not be prepared initially to report required information or it may not be in their commercial interest to do so; the permitted flexibilities will provide a buffer for importers that would otherwise front the costs of non-compliance and give these operators time to adjust to the longer-term standards.

These flexibilities will also be valuable for the European Commission, which intends to use the transitional period to learn more about what regulations are realistic for the CBAM definitive period. Emissions accounting and reporting flexibility may help the Commission to better understand how to solicit reporting on indirect emissions, how to

compose defaults that reduce carbon leakage<sup>xi</sup> and how to environmental goals, and how to operate a reporting system that does not impede necessary trade.

On the other hand, these flexibilities may undermine the Commission's paramount goal of collecting and interpreting as much data as possible from importers during the transitional period. This may be attributable to some key regulatory gaps, which the Commission could close with additional implementing regulations moving forward.

First, the highly permissive use of defaults for indirect emissions and precursors will impede the Commission's ability to collect rigorous data on the carbon-intensity of energy and material inputs within the supply chains of covered products.

Second, the broad permissibility of monitoring methodologies may undercut the European Commission's own data verification processes. For example, the implementing regulation specifies that measurement-based monitoring approaches must achieve an uncertainty level of under 7.5%. To verify the degree of uncertainty in reported data, however, the Commission would need to rely on other reports from importers or domestic suppliers. The Commission allows operators to use any monitoring method that offers "similar coverage and accuracy" without properly defining this metric, so operators may select their preferred methodologies rather than those that are the most precise.<sup>xlii</sup> The diversity of permitted methodologies may impede the Commission's ability to cross-reference reports and further erode incentives to supply rigorous data.

The Commission may also inhibit its own data collection and verification procedures with its approach to emissions allocations for precursors. By requiring that the emissions associated with precursors be bundled up with a product's direct and indirect embedded emissions, the Commission will not be able to separately assess the carbon intensity of precursors or identify whether precursors have been appropriately scoped.

Finally, the Commission does not clarify how stringent it will be in its review of CBAM reports, which may create significant discrepancies in the thoroughness of data reporting. The implementing regulation suggests that in place of formal verification, the Commission may check CBAM reports to assess compliance, but there is little clarity regarding the frequency and scrupulousness of these checks.

## Inconsistent Taxonomy

The Commission has proposed a taxonomy for emissions accounting that is unfamiliar even to operators and importers with long experience in measuring and reporting emissions. Some of the central taxonomy within the implementing regulation is inconsistent with other international approaches, particularly its unconventional approach to the allocation of emissions from precursors. The implementing regulation instructs importers to group direct emissions from precursors together with other direct embedded emissions; indirect emissions from precursors are added to other indirect embedded emissions. Conventional carbon accounting methodologies, like the

Greenhouse Gas Protocol, describe all emissions associated with precursors as “indirect emissions.”<sup>xliii</sup>

On balance, this may be a productive departure from accounting convention. Existing methodologies tend to support firm- or facility-level carbon accounting, but these approaches are insufficient for assessing goods-level emissions. Even so, the peculiarity of the approach included in the implementing regulation will require that even the most prepared operators and importers have time to adapt. It is likely that upstream manufacturers of precursors, especially those who are already accustomed to commonly held international standards, will not provide differentiated precursor information. This problem is amplified within longer, more attenuated supply chains.

Moreover, this is a missed opportunity to further cooperate with countries that also have robust reporting schemes, with industry associations working toward new product-level carbon accounting conventions, and with importers who will be responsible for handling this information. Cooperation with these stakeholders to develop sufficient carbon accounting methodologies could reduce the burden on industry and regulators alike.

## Operational Concerns

The transitional period is intended to serve as a trial period for all parties involved, but the implementing regulation still raises several operational concerns.

Most visibly, the infrastructure for data collection is not yet up and running. The regulation provides a clear directive for the Commission to establish an electronic database called the CBAM Transitional Registry, which should be interoperable with existing customs systems, to centralize data collection and subsequent review procedures.<sup>xliiii</sup> This platform is not yet functional, with just months until the first reporting deadline. The portal must be fully functional no later than July 31, 2024, the extended deadline for reports from the first three reporting periods. Failure to establish a secure, stable, useful platform in time could compromise the Commission’s ability to assess data for the definitive period and conflict with the reporting obligations placed on importers.

The implementing regulation also highlights a potential discrepancy between the treatment of CBAM- and ETS-covered precursors. The EU ETS currently distributes free allowances, gifted credits that shield European industry from the EU’s domestic carbon price, to European manufacturers of several precursors that will be covered by the CBAM.<sup>xliiv</sup> For example, EU installations that produce sintered ore, ferrous alloys, unwrought aluminum, cement clinker, nitric acid, ammonia, and hydrogen are currently receiving free allowances from the EU ETS. Under the CBAM, foreign producers of these same precursors will soon be charged for their associated emissions.<sup>xliv</sup> The EU has announced a plan to phase out the free allowances for the production of goods covered under the CBAM, but the phase-out may not be aligned with the phase-in of the CBAM import charge.<sup>xlvi</sup> If this is the case, then EU manufacturers of CBAM-covered

precursors may realize a competitive advantage over foreign producers during this transition.

Finally, the compressed timeline of the transitional period puts significant pressure on all parties involved that may compromise data quality and the Commission's ability to make procedural improvements for the definitive period. The implementing regulation applies only to the first two years of the CBAM, after which reporting parties will have to adjust to new requirements once again. Significant additions beginning in January of 2026, including the introduction of formal verification and emissions-based import charges, will further complicate the picture while operators and importers are adjusting to a new phase of regulations.

The EU is positioning itself to receive an enormous amount of information in these CBAM reports. It intends to use the data to learn more about what regulations are realistic for the definitive period, but the variability of data will make it very difficult to identify concrete data trends. Another concern is that the sheer amount of data will prevent the EU from carrying out the little verification that it has designed for the transitional period. It remains unclear whether the Commission has the administrative capacity to deliver the thorough, time-consuming data analysis that will be required to maintain sufficient short-term compliance and make necessary longer-term adjustments.

### Confidentiality Concerns

Within the compressed timeline of the transitional period, the Commission may also find that operators and importers are hesitant to provide data on the grounds that it is confidential business information. Even though the implementing regulation does highlight its commitment to confidentiality and secure data handling, this is unlikely to assuage concerned third parties.<sup>xlvii</sup> Governments like China are already expected to raise objections to the release of substantial carbon intensity data and have recently announced an energy secrecy initiative that will undermine data reporting necessary for CBAM compliance.<sup>xlviii</sup>

Foreign operators also may be reasonably concerned. Many operators sell goods to EU importers that are also competitors; the sharing of manufacturing data could reveal significant information that these competitors could use to improve their own processes or intuit confidential business information. This is true both for covered goods where foreign operators may not wish to disclose specified information to importers and for the manufacturers of precursors far along supply chains who may be tasked with reporting requests. In each case, operators may be asked to supply confidential business information to customers and competitors, who could use this data to begin manufacturing a covered good or precursor in-house with lower costs. Apprehensiveness on this front will surely increase within complex supply chains or across competing countries with conflicting industrial agendas.

## Penalty Implications

While there is no financial obligation during the transitional period, the implementing regulations detail relatively steep penalties for noncompliance. The penalties will be imposed upon importers who are at the mercy of foreign facility operators who may not know how to comply or have the capacity or interest to do so. This is particularly concerning for operators in emerging economies. Facility operators in emerging economies will not have access to the same coverage or quality of emissions monitoring and reporting infrastructure as their competitors in more advanced economies. They may find it difficult or impossible to comply with the calculation and reporting requirements even during the transitional period. These penalties could pose a serious risk for trade with these partners.

As designed by the implementing regulation, member states are designated broad flexibility to assess these penalties, which may have consequences for imports from certain sources. For example, member states may be inclined to impose greater penalties on supply chains involving actors like China who are recalcitrant to show data or to impose penalties designed to insulate domestic firms from foreign competition.

## Broader Political Context

A final factor of interest: upcoming EU elections have the potential to alter the CBAM trajectory entirely. In 2024, EU citizens will vote to elect the European Parliament, which then votes to elect the new head of the European Commission. Though the EU's climate efforts have remained politically popular internally, there remains a possibility that significant changes to the legislative and executive bodies of EU governance may alter legislative, regulatory, or compliance requirements and timelines. This will be another angle to watch closely as the CBAM phases into existence over the next year.<sup>xlix</sup>

## VI. Concluding Thoughts

The CBAM transitional period aims to bring the European Union nearer to its ultimate objective of establishing a fully operational carbon import fee, which would apply the EU's internal environmental standards to foreign importers. This statement from the implementing regulation best encapsulates its foundational mission:

“The reporting requirements should be limited to what is necessary to minimize the burden on importers in the transitional period and facilitate the smooth roll-out of the CBAM declaration requirements after the transition phase.”<sup>1</sup>

The implementing regulation will govern the initial two years of the CBAM. The Commission still has time before reporting requirements are triggered on October 1, before the first hard reporting deadline on July 31, 2024, and before the next phase-in

period in 2026 to release additional implementing regulations to inform policy design, implementation, and compliance pathways for operators and importers.

As carbon import fees gain momentum globally, the forthcoming transitional period of the CBAM places the EU at the forefront of this transformative climate and trade strategy. The success of this policy phase-in will set an important precedent for others to follow in the pursuit of global decarbonization.

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<sup>i</sup> “Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023,” Official Journal of the European Union, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R0956>.

<sup>ii</sup> “Commission Implementing Regulation (EU) .../... of 17.8.2023,” European Commission, [https://taxation-customs.ec.europa.eu/system/files/2023-08/C\\_2023\\_5512\\_1\\_EN\\_ACT\\_part1\\_v6.pdf](https://taxation-customs.ec.europa.eu/system/files/2023-08/C_2023_5512_1_EN_ACT_part1_v6.pdf).

<sup>iii</sup> CBAM regulation, Article 3.

<sup>iv</sup> CBAM regulation, Article 3.

<sup>v</sup> Implementing Regulation, Annex II, Section 2, Table 1.

<sup>vi</sup> Implementing Regulation, Annex II, Section 1.40.

<sup>vii</sup> Implementing Regulation, Annex II, Section 1.41.

<sup>viii</sup> Implementing Regulation, Annex II, Section 2.

<sup>ix</sup> CO<sub>2e</sub> refers to the number of metric tonnes of CO<sub>2</sub> with an equivalent global warming potential as one metric ton of another greenhouse gas.

<sup>x</sup> “Guidance Document on CBAM Implementation for Installation Operators Outside the EU,” European Commission, August 17, 2023, [https://taxation-customs.ec.europa.eu/system/files/2023-08/CBAM%20Guidance\\_non-EU%20installations.pdf](https://taxation-customs.ec.europa.eu/system/files/2023-08/CBAM%20Guidance_non-EU%20installations.pdf), Annex B.

<sup>xi</sup> CBAM regulation, Article 3.

<sup>xii</sup> CBAM regulation, Article 3.

<sup>xiii</sup> “Guidance Document... for Installation Operators,” Section 4.2.

<sup>xiv</sup> CBAM regulation, Article 3.

<sup>xv</sup> Implementing Regulation, Annex III, Section A.1; Annex III, Section B.5.1-2

<sup>xvi</sup> “Guidance Document... for Installation Operators,” Section 6.1.3.

<sup>xvii</sup> “Guidance Document... for Installation Operators,” Section 6.1.3.

<sup>xviii</sup> Implementing Regulation, Annex II, Section 2, Table 1.

<sup>xix</sup> Implementing Regulation, Annex II, Section 3.

<sup>xx</sup> Implementing Regulation, Annex III, Section A.1.3

<sup>xxi</sup> Implementing Regulation, Annex III, Section B.3.1.

<sup>xxii</sup> Implementing Regulation, Annex III, Section B.3.2.

<sup>xxiii</sup> Implementing Regulation, Annex III, Section B.6.1.

<sup>xxiv</sup> Implementing Regulation, Article 4.

<sup>xxv</sup> Implementing Regulation, Whereas Statement 10.

<sup>xxvi</sup> Implementing Regulation, Annex III, Section A.1.1.d.

<sup>xxvii</sup> Implementing Regulation, Annex III, Section D.2.

<sup>xxviii</sup> “Guidance Document on CBAM Implementation for Importers of Goods into the EU,” European Commission, [https://taxation-customs.ec.europa.eu/system/files/2023-08/CBAM%20Guidance\\_EU%20importers\\_0.pdf](https://taxation-customs.ec.europa.eu/system/files/2023-08/CBAM%20Guidance_EU%20importers_0.pdf), 9.

<sup>xxix</sup> CBAM Regulation, Annex II.

<sup>xxx</sup> Implementing Regulation, Whereas 11.

<sup>xxxi</sup> Guidance for Importers, 6.1.6, pg. 70.

<sup>xxxii</sup> Implementing Regulation, Article 5; Guidance for Importers, 6.1.6, pg. 70.

<sup>xxxiii</sup> Implementing Regulation, Annex III, Section A.2.1(b) and (d).

<sup>xxxiv</sup> CBAM Regulation, Annex IV(2-3).

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- xxxv “Technical Guidance for Calculating Scope 3 Emissions,” Greenhouse Gas Protocol, World Resources Institute & WBCSD, 2013, [https://ghgprotocol.org/sites/default/files/2023-03/Scope3\\_Calculation\\_Guidance\\_0%5B1%5D.pdf](https://ghgprotocol.org/sites/default/files/2023-03/Scope3_Calculation_Guidance_0%5B1%5D.pdf), 6.
- xxxvi Implementing Regulation, Article 9(1-2).
- xxxvii Implementing Regulation, Annex I, Table 2.
- xxxviii Implementing Regulation, Article 16.
- xxxix Implementing Regulation, Whereas Statement 13.
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- xli Implementing Regulation, Article 4.
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- <sup>1</sup> Implementing Regulation, Whereas Statement 5.