

Call for evidence on CBAM emission methodology for the definitive period starting on 1 January, 2026

Submitted by: **Climate Leadership Council**
Center for Climate & Trade Executive Director, Catrina Rorke

The European Union is undertaking an ambitious effort to launch the first Carbon Border Adjustment Mechanism (CBAM) and has issued a Call for Evidence to solicit input on three factors underpinning key implementing legislation that must be in place to successfully launch the CBAM definitive period on January 1, 2026. The following comments are particular to the European Commission's (EC's) request related to the methodology for assessing default values and determining embedded emissions.

These comments reflect deep analysis of CBAM-style policy, consultations with industry, and a literature review of best practices for the assessment of emissions intensity. We offer comments on three factors to ensure CBAM regulations incentivize low-carbon imports without discriminating against U.S. products.

- ***Default emissions intensity assessments:*** The EU has proposed limited data sources with meaningful shortcomings for defaults. We identify appropriate alternatives.
- ***Flexible Monitoring Reporting, and Verification (MRV) for rigorous, fair compliance:*** The EC should issue regulations that accommodate widely adopted, rigorous emissions disclosure approaches.
- ***Special consideration of low-carbon processes:*** Emissions reporting rules should encourage trade in lower-carbon products.

Default emissions intensity assessments

Transitional-period MRV requirements were complicated and inconsistent with other approaches broadly adopted by manufacturers. As a result, many importers may have to rely on defaults for compliance. The defaults should facilitate trade from cleaner manufacturers while hewing to the CBAM Regulation requirements to use “best available data... based on reliable and publicly available information.” We recommend against relying on the Joint Research Centre (JRC)'s estimates, which have clear shortcomings and overstate U.S. steel and aluminum emissions.¹ Alternative sources which can be used to calculate carbon intensity include:

- The **Organization for Economic Cooperation and Development** compiles nationally reported environmental data that allows for accurate intercountry comparisons of emissions intensity across industrial sectors.²
- **Third party analysis:** Research institutions like Global Efficiency Intelligence use public data on fuel mixes, grid emissions, etc. to publish emissions intensity estimates for CBAM-covered products.³

- The **U.S. International Trade Commission** published detailed emissions intensity estimates of U.S. steel and aluminum products using facility-specific data.⁴

MRV flexibility

CBAM regulations should build on EU standards for “complete, consistent, transparent and accurate” data by accommodating more flexible sources of data than the reporting structure laid out in the methodology for the transitional period.⁵ This is essential to allow importers to source low-carbon products. Existing MRV approaches for covered products with rigorous data requirements include, for example:

- **Steel:** World Steel Association CO₂ Data Collection Methodology;⁶ ISO 14404.⁷
- **Aluminum:** International Aluminium Institute Carbon Footprint Technical Support Document;⁸
- **Ammonia:** The Fertilizer Institute, Verified Ammonia Carbon Intensity (VACI) certification program.⁹

Special consideration of low-carbon processes

The EC should consider an additional restriction against low-emissions imports created by transitional period regulations. Manufacturers are piloting lower-emissions processes within existing infrastructure, a business decision that improves efficiency and cost and accelerates deployment. This approach allows firms to market certified low-emissions products to consumers that value these attributes and are necessary to maturing to commercial scale.

The transitional period MRV methodology required importers to report the emissions intensity of all like products from a single facility, compromising access to innovative low-emissions products. The EC should revisit this restriction and allow importers to report process-specific intensities for uniquely low-emissions products. This accommodation is especially important for importers selecting for low-emissions imports at a green premium who would otherwise be required to pay an inflated and inaccurate CBAM fee for those products. Several rigorous certification programs recognize and support this approach.

¹ Vidovic et.al, “Greenhouse gas emission intensities of the steel, fertilisers, aluminium and cement industries in the EU and its main trading partners,” *Joint Research Centre*, 2023, “JRC Report”, available at <https://publications.jrc.ec.europa.eu/repository/handle/JRC134682>.

² “Greenhouse Gas Footprints (GHGFP): Principal Indicators,” *Organization for Economic Cooperation and Development (OECD) Data Explorer*, last updated July 15, 2024, <https://www.oecd.org/en/data/datasets/greenhouse-gas-footprint-indicators.html>

-
- ³ Ali Hasanbeigi, "Steel Climate Impact: an International Benchmarking of Energy and CO2 Intensities," *Global Efficiency Intelligence*, April 2022, <https://www.globalefficiencyintel.com/steel-climate-impact-international-benchmarking-energy-co2-intensities>, pg. 15; Ali Hasanbeigi and Cecilia Springer, "California's Cement Industry: Failing the Climate Challenge," *Global Efficiency Intelligence*, February 2019, <https://www.globalefficiencyintel.com/californias-cement-climate-challenge>, pg. 24.
- ⁴ "Greenhouse Gas Emissions Intensities of the U.S. Steel and Aluminum Industries at the Product Level," *United States International Trade Commission*, February 2025, Publication Number 5584, Investigation Number 332-598, https://www.usitc.gov/publications/332/pub5584_0.pdf.
- ⁵ "Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC," *Official Journal of the European Union*, December 19, 2018, https://eur-lex.europa.eu/eli/reg_impl/2018/2066/oj.
- ⁶ "Climate Action Data Collection," *World Steel Association*, <https://worldsteel.org/climate-action/climate-action-data-collection/>.
- ⁷ "ISO 14404-4:2020," *ISO*, <https://www.iso.org/standard/77622.html>.
- ⁸ "Aluminum Carbon Footprint Technical Support Document," *World Aluminium*, February 15, 2018, <https://international-aluminium.org/wp-content/uploads/2025/01/Aluminium-Carbon-Footprint-Technical-Support-Document.pdf>.
- ⁹ "The Verified Ammonia Carbon Intensity Program," *Verified Ammonia Carbon Intensity*, <https://verifiedammonia.org>.