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Press Release

Carbon Border Adjustment Mechanism (CBAM)

19 June 2024

Dry run for the definite phase – preliminary verification by TÜV SÜD

Munich. The Carbon Border Adjustment Mechanism (CBAM) entered into application in its transitional phase on 1 October 2023, bringing in comprehensive reporting obligations. By opting for preliminary verification by TÜV SÜD, affected companies can verify whether their calculations and reports are in compliance with the new mechanism.

The purpose of the European Union's Carbon Border Adjustment Mechanism (CBAM) is to align the carbon price of carbon-intensive goods and products imported from non-EU member states with the higher carbon-prices in the EU. The goal is to drive decarbonisation throughout Europe and worldwide with the help of CBAM certificates. By doing so, the EU seeks to compensate for competitive disadvantages for EU companies resulting from stricter climate-protection requirements. In addition, the CBAM is designed to prevent energy-intensive industries from relocating their production to countries with lower emission costs.

In the transitional phase, the CBAM only applies to imports of highly energy-intensive products such as iron, steel, aluminium, fertilisers, hydrogen, cement and electricity. Importers of these products have been subject to comprehensive reporting obligations since 1 October 2023. They need to submit quarterly reports about the quantities of the imported goods, their direct and indirect emissions and the carbon price in their respective country of origin. "This is a complex undertaking, particularly for small and medium-sized enterprises", says Daniel Wittl from the Greenhouse-Gas Verification and Validation Body at TÜV SÜD Industrie Service GmbH. "Importers need not only to record the exchange of data along the global supply chains but also address the complicated methods of calculation."

However, the two-year transition phase offers companies the advantage of being able to familiarise themselves gradually with the reporting obligations and emission calculation methods in accordance with the requirements of the EU emission trading scheme. "By providing preliminary verification, we aim to accompany this process, supporting companies with verifying the compliance of their calculations and reports with the current CBAM

requirements”, explains Wittl. “In practical terms, this is a dry run for the definitive regime, which will start on 1 January 2026. From that time, carbon emissions will need to be offset by purchasing CBAM certificates.”

After the successful introduction of CBAM, the plan is to extend the mechanism to cover other commodity groups in the future.

Requests for more information on this topic or to coordinate a preliminary verification by TÜV SÜD can be directed to cbam@tuvsud.com.

Note for editorial staff: The press release is also available on the Internet at www.tuvsud.com/newsroom

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