



Understanding CBAM and its Global Context

Compliance and Strategic Responses





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EU appointed National Project Manager for CBAM in Denmark

- EU and Member State coordination
- Policy making
- CBAM-registry systems administrator
- CBAM Committee and Expert Group member

Project lead - Technical implementation of CBAM in Denmark

- National legislation
- Compliance control
- NCA coordination (customs and business authorities)
- Declarant guidance and communication

4 years of experience working with EU's Emissions Trading System (EU ETS)

- Carbon Monitoring, Reporting and Verification
- Carbon Leakage: from free allowances to CBAM
- Expert Group member on free allocation regulation



CBAM implementation

State of play



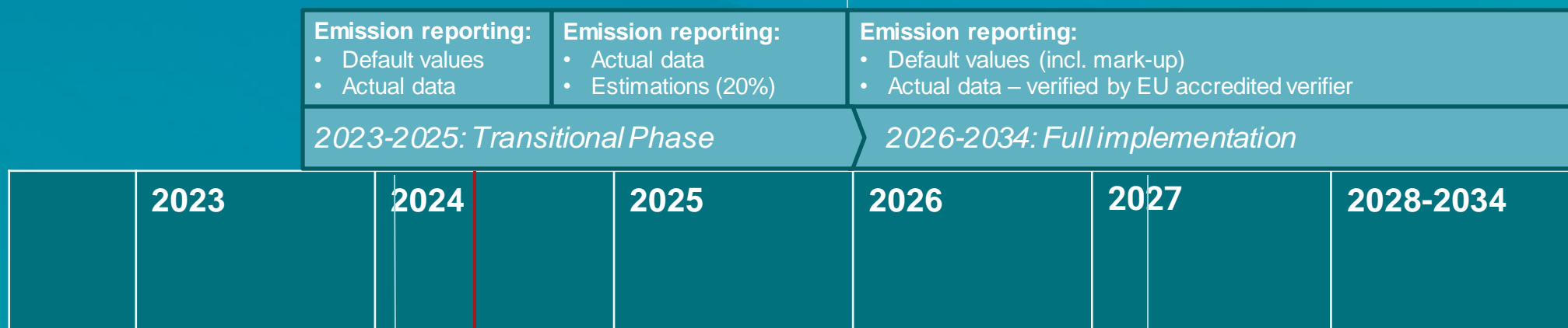
Timeline

From 2026

EU CBAM Importers:

Declarant authorization required

- *Application starts 1 January 2025*



Today

May 2027:

1st CBAM declaration (2026)

- *Every year thereafter*

1st surrendering of CBAM-certificates

January 2024:

1st CBAM report (Q4-2023)

- *Every 3 month thereafter*



The EU perspective

- CBAM is a tool to mitigate the risk of carbon leakage to third countries
- Replaces 'free emission allowances' to EU installations in the ETS from 2026-2034
- Intended to facilitate increased adoption of MRV policies in third countries
- Income from CBAM-certificates are expected to be earmarked 'green investments'



"CBAM intends to create equal conditions for production and trade – inside and outside the EU – while ensuring The Unions emission reduction targets are met"

- European Commission

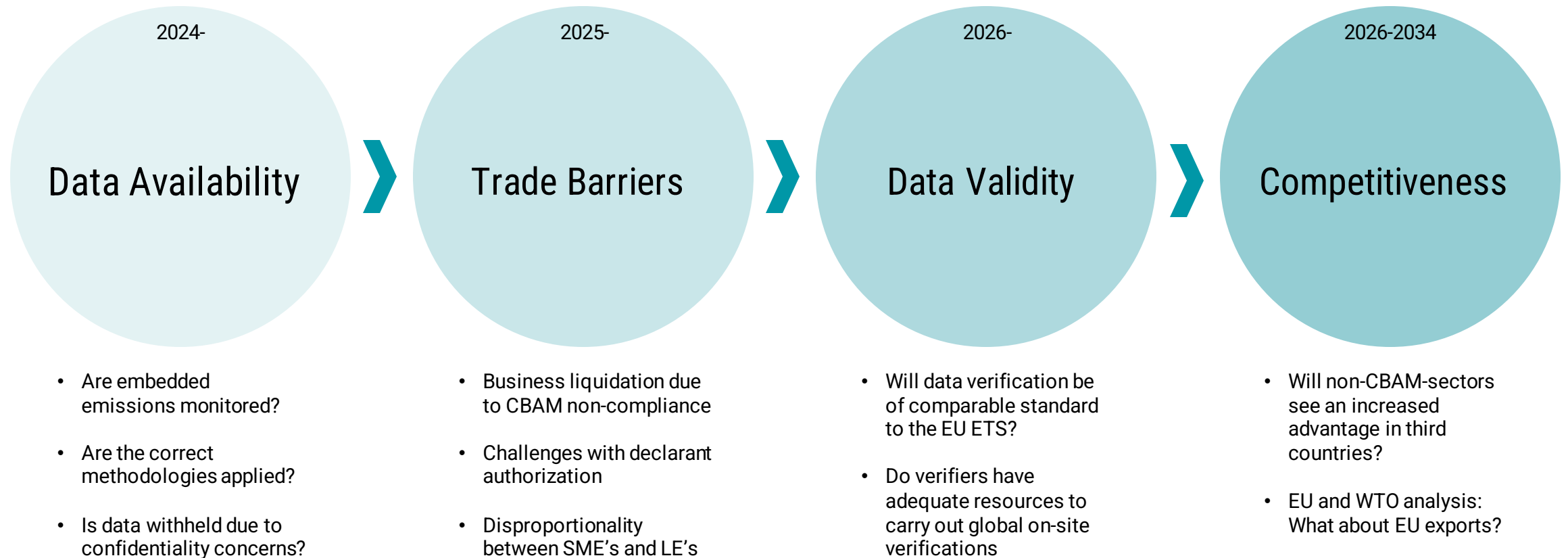


Risks and opportunities

Emission data and carbon price paid



Considerations for implementation



Compliance in the CBAM Transitional Phase

- From Q3-2024: Data on actual embedded emissions to be reported October 2024
- Direct and indirect emission monitoring and reporting requirements
- Data on production processes and upstream goods
- Sanctioning of importers in case of misstatements (e.g. incorrect emission data)
- Lack of emission/production data may result in restructured supply chains or market exits
- Exporters/suppliers risk loss of EU market capitalization in case of non-compliant data
- Early “front-runners” likely to see market advantage from CBAM compliance

Carbon Price Paid

- From 2026: Total number of CBAM-certificates required by the importer is reduced equal to the carbon price paid in the country of origin
- National ETS's as well as carbon tax and fee schemes transfers the direct economic burden from the importer to the producer - lessening the impacts on trade
- Creates incentive structures for increased EU market capitalization
- Ensures a nationally regulated carbon monitoring framework in the production sector



"An authorised CBAM declarant may claim in the CBAM declaration a reduction in the number of CBAM certificates to be surrendered in order to take into account the carbon price paid in the country of origin"

- CBAM Regulation, Art. 9(1)

Strategic efforts and next steps

EU Commission and National Authorities

- Increased outreach activities to third countries and regions
- Improved guidance material. Revised communication templates and info sessions with producers and authorities
- [Upcoming CBAM-webinar for all EU and international actors \(19 June 2024\)](#)

- Pending regulation (2024 & 2025):
 - › Implementing and delegated acts concerning: Calculating embedded CO₂, Carbon Price Paid, verification of data, functioning of the CBAM-registry
- Total of 9 acts pending
 - › The acts are intended to provide context, guidance and to set conditions on specific articles of the main CBAM regulation
 - › The regulatory process is open for all CBAM-expert group members. Third country actors can apply for an observer role

Questions

