

Carbon Border Adjustment Mechanism: simplification and strengthening (Omnibus I)

2025/0039(COD) - 26/02/2025 - Legislative proposal

PURPOSE: to simplify certain obligations and strengthen the carbon border adjustment mechanism (CBAM) that the Union has adopted to prevent the risk of carbon leakage and thereby reduce global carbon emissions.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: concerns have been raised by various companies and stakeholders about the administrative burden resulting from a number of EU acts, such as the Carbon Border Adjustment Mechanism (CBAM Regulation). Following up on the Draghi report on the future of European competitiveness, the Commission confirmed in its Communication ‘A Compass for EU Competitiveness’ that it would propose a first ‘**omnibus package on simplification**’ that would include far-reaching simplification in the areas of sustainability disclosures in the financial services sector, sustainability due diligence and taxonomy. In its February 2025 Communication ‘A Simpler, Faster Europe’, the Commission set out the vision for an implementation and simplification agenda that delivers rapid and visible improvements for citizens and businesses on the ground.

This first omnibus package aims to eliminate overlapping and disproportionate regulations in the drive toward a sustainable transition, enhance EU companies' competitiveness and simplify EU investment programmes.

CONTENT: in light of the EU's increased climate ambitions, the introduction of a CBAM has the overarching objective of addressing climate change by reducing GHG emissions in the EU and globally. The amending proposal aims at **simplifying the compliance burden** on importers of CBAM goods and improving the functioning of CBAM.

More specifically, the Commission proposal contains two types of simplifications.

(1) **Importers of small quantities of CBAM goods**, which represent very small quantities of embedded emissions imported into the Union and in most cases correspond to SMEs and individuals, will be **exempt** from CBAM obligations. These are importers who import small quantities of CBAM goods, representing very small quantities of embedded emissions entering the Union from third countries. This works by introducing a new CBAM cumulative annual threshold of **50 tonnes** per importer, thus eliminating CBAM obligations for approximately 182 000 or 90% of importers, mostly SMEs, while still covering over 99% emissions in scope.

(2) **A set of simplifications for importers of CBAM goods above the threshold** to facilitate their compliance with the **reporting requirements**. In particular, the proposal simplifies and streamlines the authorisation procedure for national competent authorities and the Commission, the data collection processes from third country producers to authorised CBAM declarants, the calculation of embedded emissions for certain goods, the emission verification rules, the calculation of the authorised CBAM

declarants' financial liability during the year of imports into the EU and the claim by authorised CBAM declarants for carbon prices paid in third countries where goods are produced.

This will be coupled with measures making CBAM more effective, by strengthening anti-abuse provisions and developing a joint anti-circumvention strategy together with national authorities.

Lastly, simplifying the mechanism will also be a key enabler for a potential future scope extension. In the second half of 2025, the Commission will present a comprehensive CBAM review report as provided in Article 30 of the CBAM regulation, which will pave the way for a potential extension of the CBAM scope.