

Introduction to CBAM

13 May 2025

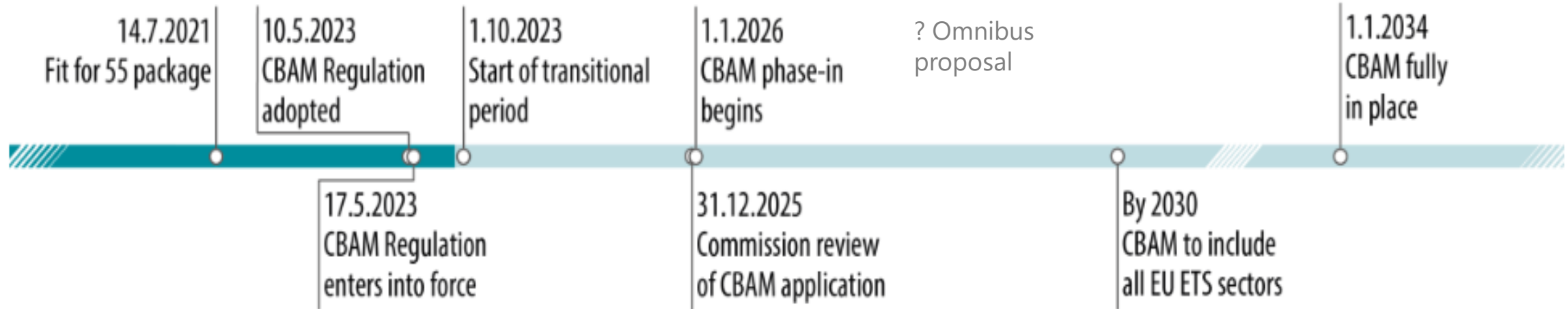
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CBAM is an essential element for meeting EU's climate neutrality objectives

CBAM implementation timeline



- The EC is conducting public consultations on potential inclusion of additional sectors under CBAM as of 1 January 2026 => does not seem likely
- **The Omnibus proposal:** deferral of 2026 payments to 2027 and

Leveling the playing field: CBAM - calculation of obligation and the adjustment for *effectively paid* carbon emissions

In the first phase....



CEMENT



IRON & STEEL



ALUMINIUM



FERTILISER



ELECTRICITY

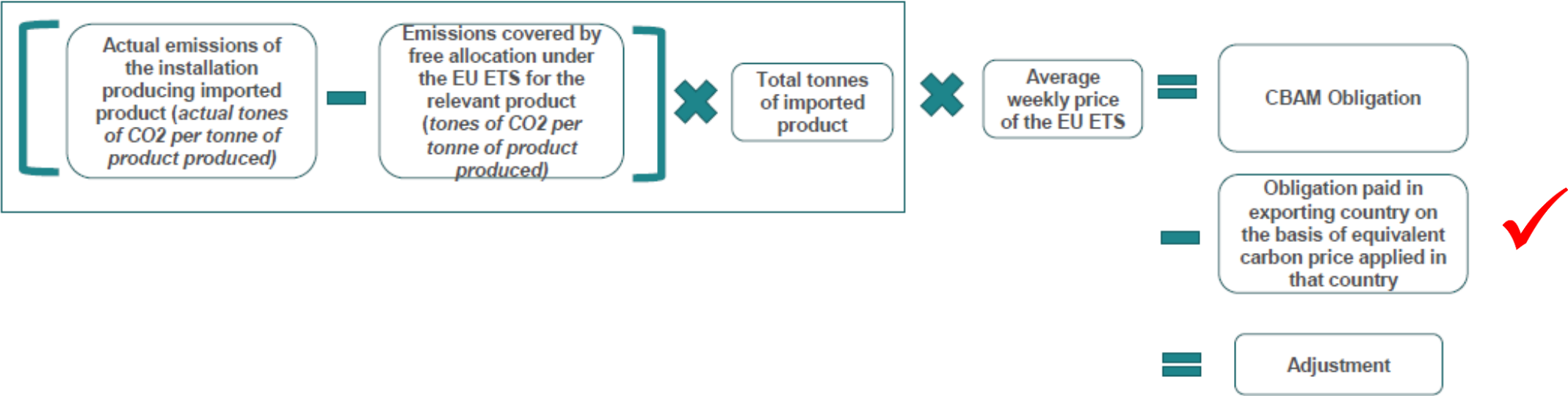


HYDROGEN

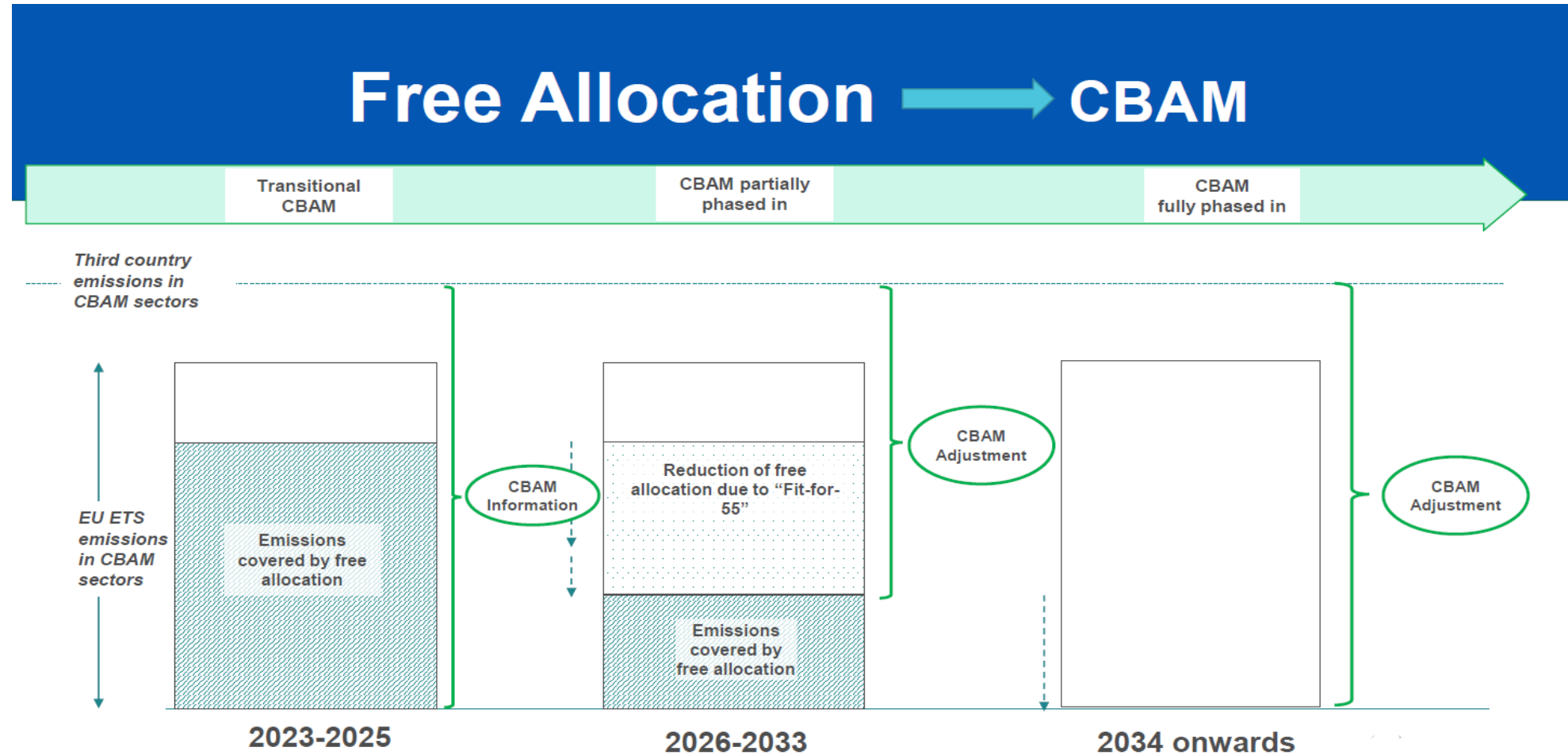
Number of certificates

Price of certificates

Obligation and
adjustment



CBAM to ensure equivalent carbon pricing for imports and domestic EU products



Phase out of free allowances in EU ETS until 2030 presented in the Annex 1

CBAM Emissions Coverage by Product Group (Definitive Phase from 2026)

Product Group	Direct Emissions	Indirect Emissions
Cement	✓	✓
Fertilizers	✓	✓
Iron & Steel	✓	✗
Aluminium	✓	✗
Electricity	✓	✓
Hydrogen	✓	✗

 Official CBAM Regulation Definitions(Source: Regulation (EU) 2023/956, Article 3)

- ‘**Direct emissions**’ means emissions from the production processes of goods under the control of an installation, including emissions from the production of heating and cooling consumed in the production processes, expressed as tonnes of CO₂ equivalent.”
- ‘**Indirect emissions**’ means emissions from the production of electricity which is consumed during the production processes of goods.”

Fertilizer Products Covered by CBAM

CN Code	Product Description	GHGs to Report
2808 00 00	Nitric acid; sulphonitric acids	CO ₂ and N ₂ O
2814	Ammonia, anhydrous or in aqueous solution	CO ₂
2834 21 00	Potassium nitrates	CO ₂ and N ₂ O
3102	Mineral or chemical fertilizers, nitrogenous (excluding 3102 10)	CO ₂ and N ₂ O
3102 10	Urea, whether or not in aqueous solution	CO ₂ and N ₂ O
3105	Mineral or chemical fertilizers containing two or three of the fertilizing elements nitrogen, phosphorus, and potassium; other fertilizers (excluding 3105 60 00)	CO ₂ and N ₂ O
3105 60 00	Mineral or chemical fertilizers containing the two fertilizing elements phosphorus and potassium	<i>Excluded from CBAM</i>

EU Omnibus Proposal: Key CBAM Changes (February 2025)

Scope and Threshold Adjustments

- **New Mass-Based Threshold:** Importers of CBAM-covered goods are exempt if annual imports are below **50 tonnes per product type**. This replaces the previous €150 value-based threshold.
- **Impact:** Exempts approximately **90% of importers** while still covering around 99% of embedded emissions.

Reporting and Compliance Simplifications

- **Delayed CBAM Certificate Purchases:** The obligation to purchase CBAM certificates is postponed until 2027, although carbon pricing on imports will commence in 2026.
- **Simplified Emissions Calculations:** Importers can use default carbon pricing values for third countries starting in 2027, simplifying the calculation of embedded emissions when primary data is unavailable.

Future Outlook

- **Comprehensive Review Planned:** A full review of CBAM is planned for later in 2025 to assess its potential extension to other sectors and emissions types, followed by a legislative proposal in early 2026.

These proposed changes aim to simplify compliance, reduce administrative burdens, and enhance enforcement of the CBAM. They are subject to approval by the European Parliament and the Council of the European Union => potential amendments during the legislative process (fast adoption expected late 2025)

Transition period guidance: CBAM default values

For reporting purposes during transition period (until 01/01/2025), the EU provides default emission factors (in tCO₂e per tonne of product) for various fertilizers.

These default values are provided to assist importers in estimating embedded emissions when specific data is unavailable. Importers are encouraged to use actual emissions data when possible.

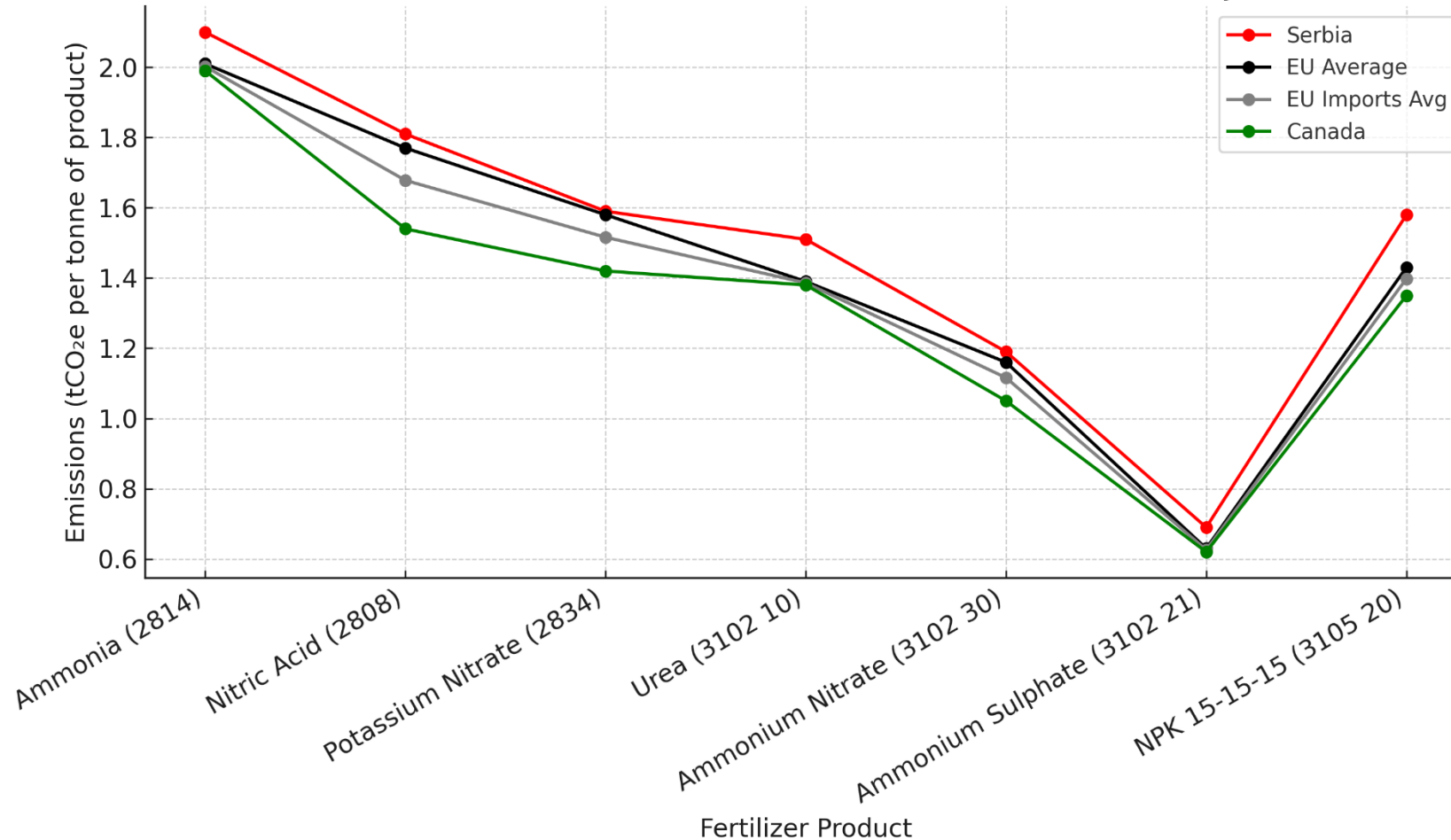
CN Code	Product Description	Direct Emissions (tCO ₂ e/t)	Indirect Emissions (tCO ₂ e/t)
3102 80 00	Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution	1.28	0.06
3102 90 00	Other nitrogenous fertilizers not specified elsewhere	1.65	0.10
3105 20 00	Fertilizers containing the three elements N, P, and K	1.23	0.11
3105 30 00	Diammonium phosphate	0.69	0.06
3105 40 00	Monoammonium phosphate and mixtures with diammonium phosphate	0.44	0.05
3105 51 00	Fertilizers containing nitrates and phosphates	1.29	0.11
3105 90 00	Other fertilizers under heading 3105	0.94	0.08

CBAM reshapes market dynamics and competitiveness landscape (1/2)



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GHG Emissions of Fertilizer Producers (Assessment of JRC)



Context:

- The data comes from the 2023 Joint Research Centre (JRC) report of the European Commission, developed to support CBAM implementation.
- It provides a comparative assessment of greenhouse gas (GHG) emissions intensities of fertilizers across major exporters to the EU.

Key messages:

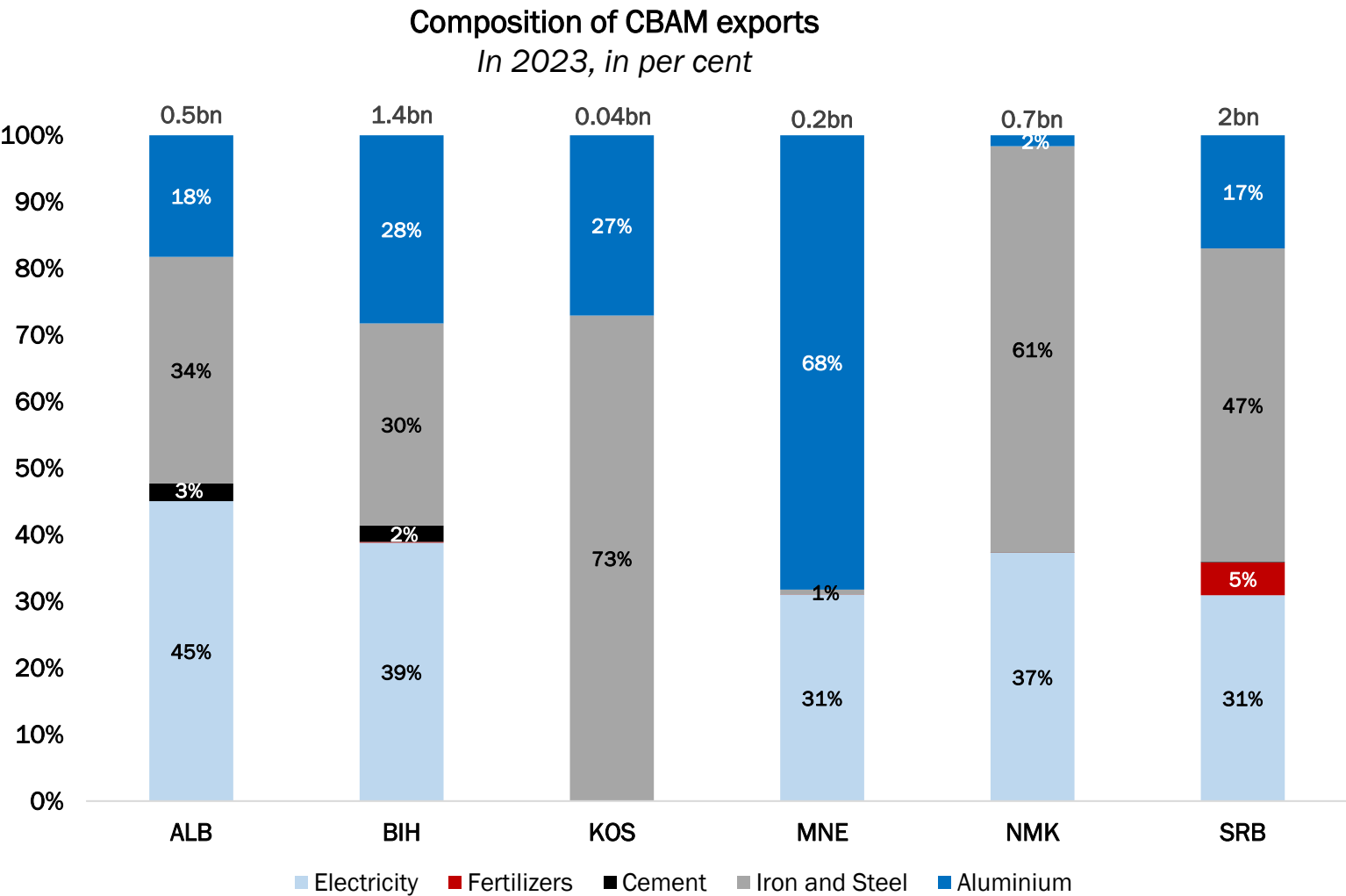
- Serbia's fertilizer producers have moderate emissions compared to other exporters.
- Emissions are slightly above the EU average but significantly below global high emitters like China (China not shown in this version for clarity).

CBAM reshapes market dynamics and competitiveness landscape (2/2)

Product (CN Code)	Serbia	EU Average	EU Import Avg.	Canada	China	Other (Egypt, Algeria)
Nitric Acid (2808)	1.81	1.77	~1.80	1.54	2.96	Egypt 1.83; Algeria 1.79
Ammonia (2814)	2.10	2.01	~2.07	1.99	3.88	Egypt 2.08; Algeria 2.08
Potassium Nitrate (2834)	1.59	1.58	~1.60	1.42	2.67	Egypt not listed; Algeria 1.58
Urea (3102 10)	1.51	1.39	~1.50	1.38	2.51	Egypt 2.24; Algeria 1.41
Ammonium Nitrate (3102 29)	1.19	1.16	~1.20	1.05	1.96	Egypt 1.05; Algeria 1.14
Ammonium Sulphate (3102 21)	0.69	0.63	~0.68	0.62	1.15	Egypt 0.62; Algeria 0.65
NPK Fertilizer 15-15-15 (3105 20)	1.58	1.43	~1.45	1.35	1.96	Egypt 1.35; Algeria 1.48



Structure of CBAM affected exports – *product scope to increase in the coming years*



Note on Montenegro: Since KAP seized operations, almost 100% of exports of CBAM products relates to electricity

Impact assessment for the establishment of a regional Emission Trading System in the Contracting Parties of the Energy Community Treaty (procured by the EU)

Regional Market ETS

- Provides certainty on reaching a specific mitigation target
- Can bring economic efficiency gains
- Higher admin burden
- Uncertain price and more difficult to 'phase in' slowly

Fixed price ETS

- Provides certainty on the carbon price, easier to phase in slowly
- More difficult to reach specific climate targets
- Could be introduced as a temporary/transitional measure
- May be easier to implement with reduced administrative burden

- Less room for market speculation or manipulation

Carbon tax

- Possibility to harmonise tax rates and sectors – [important considering WB regional trading!](#)

Integration into the EU ETS

- Provides certainty on emission reductions in line with the EU targets
- Access to a well-established, efficient ETS
- Necessary legal framework adoption.
- High EUA price can pose a challenge to CPs.

- Possibility to create a regional ETS

Annex 3: Reporting obligation for an *authorized* CBAM declarant

Transitional phase Oct '23 – Dec '25

CBAM report containing the following:

- Total quantity of goods imported during the preceding quarter
- Total embedded direct and indirect emissions in those goods
- The carbon price due in the country of origin for the embedded emissions

Report to be submitted each quarter

Oct '23- Jun '24

Reporting: based on default values of emissions in imported goods (except electricity), publish by the Commission

Jul '24- Dec '25

Reporting: based on defaults for complex goods only with a limit of 20% of the total embedded emissions

Implementation phase – Jan '26 onwards

CBAM declaration containing the following:

- Total quantity of goods imported during the preceding calendar year
- Total embedded emissions in those goods
- Emissions to be verified by EU accredited verifier
- Total number of CBAM certificated to be surrendered
- The carbon price effectively paid in the country of origin for the embedded emissions

CBAM declaration and surrender of certificates annually

WB exporters are required to have their emission reports verified and available in the CBAM registry, as this relieves CBAM declarants of some reporting obligations.