

CBAM: Do you know your Cost?

Presented by:



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1

Quarterly CBAM Reports

EU importers of **iron, steel, aluminium, cement, and fertilisers** must report CO₂ emissions at the EU border in quarterly Transitional CBAM (Carbon Border Adjustment Mechanism) reports.



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2026 CO₂ Import Cost

By March 2027, all products imported in 2026 and subject to CBAM must be declared, and a CO₂ Import Cost will be applied to **3rd-Party Verified** supplier emissions.



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1st Global CO₂ Price


Together with an EU-wide CO₂ Tax on the Local industry, this will start the world's first Real & Strong **Disincentive for Fossil Fuel** consumption.



Q4 2023 – Q2 2024

Initial transitional period

Easy Life

- **Register** on CBAM portal via national competent authority
- Double check CN code **correctness** & filter 
- Simply declare your CBAM imports matched with **default values**
- **No Fines**



CBAM Timeline & Obligations



Now




Q4 2023 – Q2 2024

Initial transitional period

Q3 2024 - Q4 2025

Transitional period

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Report Real Supplier Emissions

- **Fines:** 10 – 50 EUR/tCO₂e 
- **Multi-Tier** Supplier engagement 
 - Most emissions happen in the **Upstream** tiers (steel/alu mills, clinker production, etc.)
 - Default values are **Higher** than real emissions (may be even higher in future)
 - CBAM's 80/20 **Rule**



CBAM Timeline & Obligations



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Initial transitional period

Q3 2024 - Q4 2025

Transitional period

2026

Enforcement Period

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CBAM Cost Starts

- **Fines:** 100 EUR/tCO₂e
- **Verified** Supplier Emissions
- **Yearly** reporting
- **Surrender** CBAM certificates



CBAM Pitfalls

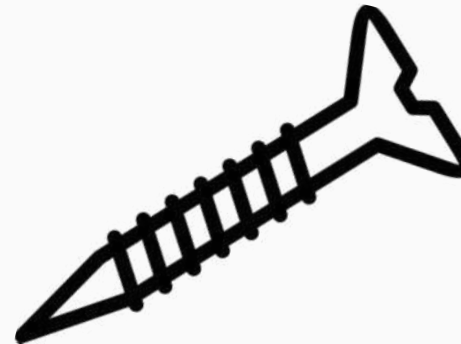


Incorrect Customs Classification
(generic Tariffs instead of specific ones)

Incorrect date used for the reporting
(GR instead of PoM)

Incorrect Country of Origin
("Shipper from" instead of "Made in")

Incorrect Manufacturer Information



WHAT IS IT?

Part of Air
Conditioning Equipment?

Part of Furniture?

Item in scope of C.B.A.M.?

Description	TARIC	CBAM MAT?
WATER PIPE CYL.HEAD - THERMOSTAT HOUSIN	7307998099	Yes
BRACKET, LEFT	7326909890	Yes
BRACKET, RIGHT	7326909890	Yes
SUPPORT EAT S2	7326909890	Yes
TUKI VASEN	7326909890	Yes
PLUG --	7326909890	Yes
centering wedge	7318290090	Yes
SPACER PCD 335	7318290090	Yes
SUPPORT EAT 52	7326909890	Yes
HOLKKI TLO 502 PÄÄTYHOLKKI 3-NOP. PTO	7318290090	Yes
TANK EXPANSION	7310100000	Yes
TOP SHELF BRACKET MUD GUARD	7326909890	Yes
SHIELD SENSOR PTO	7326909890	Yes
BRACKET ECU CENTURION G2, G3 T4F	7326909890	Yes
CCV CLAMP SUPPORT BRACKET	7326909890	Yes
HALFSHIELD CONNECTING PIPE STG 5	7326909890	Yes
UPPER LIFT ROD PIN D22	7318240090	Yes
FIXING BRACKET HARNESS T4F - SISU	7326909890	Yes



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Usage of generic CN codes (**parts of ...**) is not the right approach

The EU is aware of efforts to misclassify imported goods to evade CBAM and, according to an official EU webinar in October 2024, will extend CBAM to include CN codes currently used for 'parts of the end product' ([Art. 27](#))



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2 EU Set to Expand CBAM Coverage, Closing Loopholes & changes for further EU deindustrialisation

The EU is moving to extend CBAM to prevent carbon leakage, addressing a major gap where raw materials like steel tubes are covered, but once transformed into automotive components, they become exempt. This update, now "99% certain" as of [January 29, 2025](#), ensures CBAM effectively protects the EU industry.



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3 A professional CN code assessment is needed

Classifying product out of "habit" is not the right approach. An in-depth analysis of import codes is required



Avoid unnecessary **Fines**
and the potential **Revocation**
of your importer license



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Transitional period: **10 – 50 EUR/tCO₂e**

Steel fines, if based on default values (ø 2.5 tCO₂e/ton of import)

- **25 – 125 EUR**
- 11 – 56% based on average 2024 steel prices

Aluminium fines, if based on default values (ø 11.5 tCO₂e/ton of import)

- **115 – 575 EUR**
- 18 – 92% based on average 2024 aluminium prices

Fertilisers fines, if based on default values (ø 1.8 tCO₂e/ton of import)

- **18 – 90 EUR**
- 20 – 103% based on average 2024 fertiliser prices

Cement fines, if based on default values (ø 1.5 tCO₂e/ton of import)

- **15 – 75 EUR**
- 8 – 38% based on average 2024 cement prices



Definitive period: **100 EUR/tCO₂e**

- **Steel** fines, if based on default values (ø 2.5 tCO₂e/ton of import)
 - **250 EUR**
 - 111% based on average 2024 steel prices
- **Aluminium** fines, if based on default values (ø 11.5 tCO₂e/ton of import)
 - **1150 EUR**
 - 184% based on average 2024 aluminium prices
- **Fertilisers** fines, if based on default values (ø 1.8 tCO₂e/ton of import)
 - **180 EUR**
 - 206% based on average 2024 fertiliser prices
- **Cement** fines, if based on default values (ø 1.5 tCO₂e/ton of import)
 - **150 EUR**
 - 300% based on average 2024 cement prices



4.10.2 Enforcement

According to Article 16 of the EU ETS Directive, MS shall lay down rules on penalties applicable to infringements and shall take all measures necessary to ensure that such rules are implemented. The penalties provided for must be effective, proportionate and dissuasive. Such penalties are a key compliance instrument in EU ETS.

According to Article 21 reports, all countries have some form of penalties in place for different types of infringements. Most often these are fines with a defined financial minimum and/or maximum. In some cases, fines are defined by a calculation formula, e.g. taking into account the number of days the issue is not resolved, the number of free allowances involved, the market price for EU allowances, the tonnes of CO₂ equivalent emitted or the company's turnover. In other cases, the courts decide the size of fines. The size of fines differs per country ranging from a minimum of 63 Euro (Hungary, per day) to 75,000 Euro (France). Ranges can also be identified in the maximum of fine per infringement: e.g. 102 Euro plus the allowance price (Liechtenstein, per tonne CO₂) to 16,000,000 Euro (Estonia). In some countries the size of fines also differs between the 14 types of infringements reported under Article 21.

6 countries report potential jail sentences for some or all types of infringements, of up to 120 months. A minimum jail sentence has only been indicated in France; a period of 12 months for operating without a permit or failure to comply with the conditions of the permit. In some countries other penalties besides



Estimated 2026 Audit Costs

Supplier 3rd party Verification (Art. 8.)

- Small Installations: 2'000 to 4'000 EUR
- Large Installations: 5'000 to 8'000 EUR

Importer 3rd party Verification (Art. 8.)

- Small Importers: 3'000 to 5'000 EUR
- Large Importers: 6'000 to 9'000 EUR

Account for verification costs, especially those imposed on the **Importer**. Pre audits / gap analysis **before 2026** is highly recommended.



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CBAM Cost Formula



CBAM Certificates Cost (EUR) =

$$\left(\text{CBAM Emissions} - \left(\text{CBAM Benchmarks} \times \left(1 - \text{phase-in Factor} \right) \right) \right) \times \text{EU ETS Price}$$



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CBAM Emissions

- Real & Multi-tier Supplier Emissions
- EU Default Values or a Mix

Unit: tCO₂/ton product



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CBAM Benchmarks

Best-in-class Carbon footprint (10% best performing EU ETS installations)

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Gradual phase in % number, increasing every year.

From 2.5% in 2026 to 100% in 2034



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Weekly average price of the EU Emission Trading System



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Unknown

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We at ClimEase... KNOW!



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CBAM Emissions

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Unit: tCO₂/ton product

Average Steel emissions

CBAM Benchmarks

Best-in-class Carbon footprint (10% best performing EU ETS installations)

Unit: tCO₂/ton product

Endorsed by TOP Verifier

Phase-in Factor

Gradual phase in % number, increasing every year.

From 2.5% in 2026 to 100% in 2034

Known

EU ETS Price

Weekly average price of the EU Emission Trading System

Average of best forecasts



Assumptions:

Embedded CBAM Emissions

2.5 tCO₂/Ton

Endorsed product-specific CBAM Benchmark

0.2346

Average Steel price

700 EUR/ton

Import volume

10'000 tons

Share of CO2 Footprint being "Taxed" by CBAM

- Share of Emissions being taxed if those emissions were equivalent to the low CBAM Benchmark (very optimistic / low carbon scenario)
- Share of Emissions being taxed in realistic high emissions scenario





2026 CBAM Case study



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2.5 tCO₂/Ton

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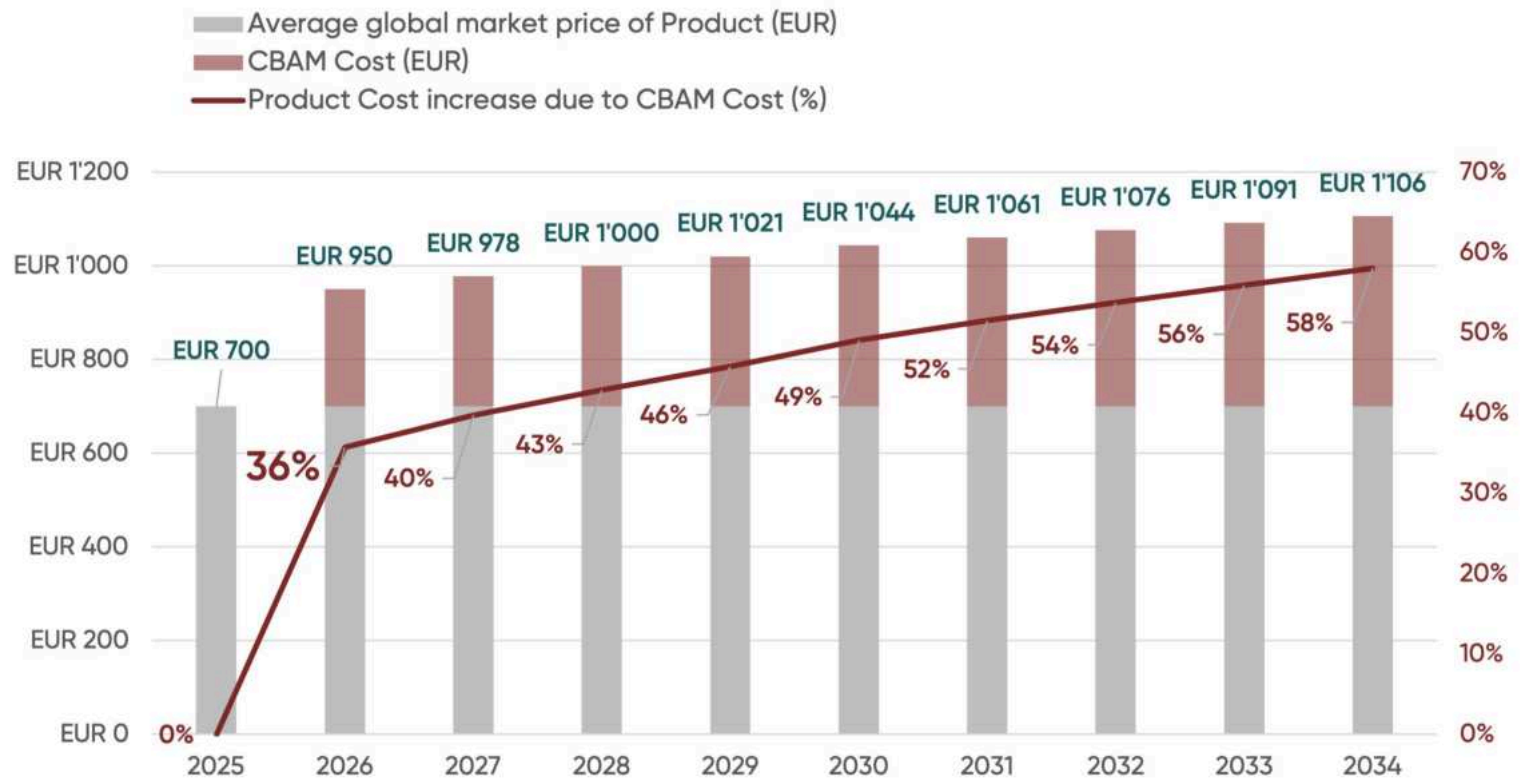
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Estimated Steel Cost Increase due to CBAM





2026 CBAM Case study



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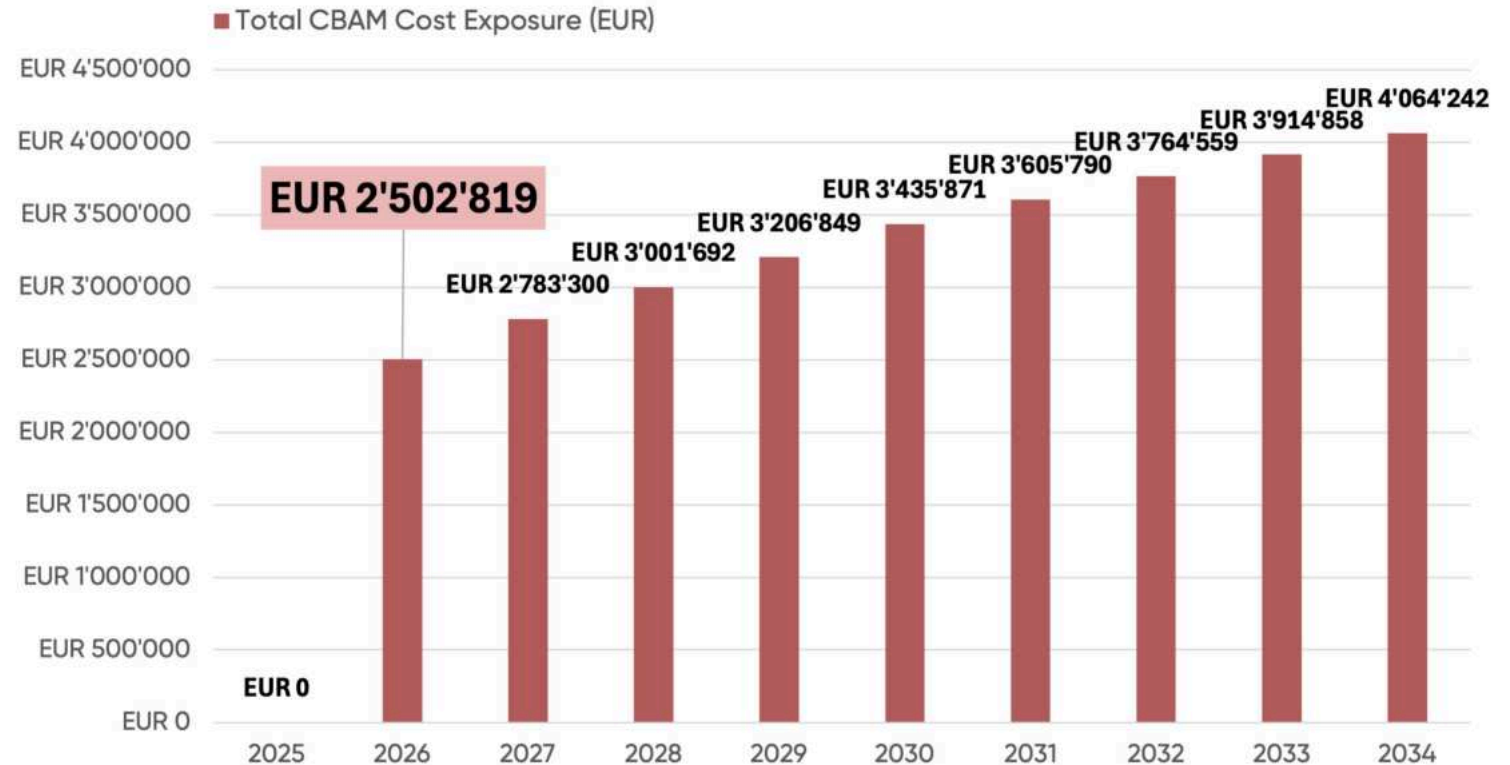
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Import volume

10'000 tons

Total EU Importer's CBAM Cost Exposure





What will happen in 1 year?



Products	Cost increase	Tot. 2026 CBAM Cost for 10'000 tons of product
Iron ore pellets	27%	359'360 EUR
Hot Rolled Coils	65%	4'417'100 EUR
Cold Rolled Coils	30%	2'520'669 EUR
Cement clinker	43%	231'402 EUR
Cement	44%	335'134 EUR
Mixed fertilisers	19%	1'028'744 EUR
Aluminium sheets	45%	11'733'006 EUR

Note

- These metrics use **EU default values** rather than actual supplier emissions
- Emissions and benchmarks may have slight **inaccuracies**



Our CBAM Compliance & Risk Software



End-to-end CBAM Compliance

- Automated supplier outreach & CBAM reporting for **EU Importers**
- Multi-tier **Supplier** emission calculation
- Global **Support** in Turkish, Chinese & English
- Connected to global **Verification** Partners
- **CBAM Certified**



Track your CBAM Cost Exposure

- Forecast your CBAM **Cost Exposure**
- Create **Scenarios** and simulate action plans
- Track CBAM Cost down to each on **Supplier** and **Product**

Thank you

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 www.climease.com