

CBAM Design Element	Commission Proposal (July 2021)	Parliament Position		Council Position (Council General Approach 15 March 2022 and additions from 29 June)
		Plenary vote (22 June 2022)	Amendment(s)	
Scope: Covered Products	Aluminium, cement, electricity, fertilisers, and iron and steel	Aluminium, cement, electricity, fertilisers, iron and steel, hydrogen, organic chemicals, polymers Extension subject to a Commission assessment before the end of the transitional period.	175	Aluminium, cement, electricity, fertilisers, and iron and steel + addition of some product codes within these sectors, in particular as regards downstream products (aluminous cement, articles of iron or steel, several articles of aluminium) + addition of a de minimis threshold of an intrinsic value of 150€ per consignment at or below which CBAM obligations will not apply
Scope: Covered Emissions	Direct emissions only	Direct emissions and indirect emissions from electricity . The EC is empowered to adopt delegated acts regarding the definition of a method to calculate embedded indirect emissions for simple and complex products and relevant default values, as well as a method to determine the CBAM price of indirect embedded emissions.	60, 75, 177 75	Direct emissions only, but explicitly qualifies emissions from “electricity produced within the boundaries of the installation producing the good” as direct emissions (clarification) Request for the Commission to include an assessment on the inclusion of indirect emissions ‘as soon as possible’ as part of the evaluation of the Regulation before the end of the transition period.
Scope: Trade Flows	Imports only	Imports included; exports from the EU will receive an export rebate in the form of continued free allocation . Report on export rebate by the Commission in 2025 adding a potential legislative proposal for changes to ensure WTO-compatibility. Potential option highlighted as one of the options to be examined: export rebate for 10% most efficient installations.	262	Imports only; Before January 1 2026 and every two years thereafter, the Commission is asked to report on the application of CBAM including its impact on carbon leakage in relation to exports.

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Timeline and free allocation	Transitional phase: 2023-2025 Free allocation phase-out: 2026-2035 EU ETS revision proposal: gradual phase out of FA in initially covered sectors by 10% each year	Transitional phase: 2023- 2026 Free allocation phase-out: 2027-2032 FA phase-out rate: 7 percentage points reduction in 2027, 9 in 2028, 15 in 2029, 19 in 2030, 25 in 2031, and 25, down to 100% phase out in 2032	261	Transitional phase: 2023-2025 Free allocation phase-out over a ten-year period between 2026 and 2035 (Council General Approach 28 June). 5 percentage points reduction each year from 2026 to 2028, 7.5 percentage points each year from 2029 to 2030, and 10 percentage points each year from 2031 to 2032.
Policy Crediting	Foreign carbon pricing only	Explicit foreign carbon pricing only (clarification)	80	Foreign carbon pricing only
Revenue Use	No determination on revenue use	CBAM Revenue accrues to EU budget (own resources), but at least commensurate increase in support for LDC decarbonization The EC to report annually on how the equivalent amount of CBAM revenues has been used and how this has contributed to the decarbonisation of the manufacturing industry in LDCs	40, 130	No determination on revenue use, to be discussed within the own resources proposal
Governance	Decentralized administration by 27 Member States, including 27 national registries	Centralized administration by an EU CBAM Authority which will set up a centralized registry .	20-21, 64-65, 68-71, 96 etc	Decentralized administration by 27 Member State Authorities supported/coordinated by EC, but one central registry of authorized CBAM declarants, established by the Commission, as well as establishment of one common platform for the sale of CBAM certificates.

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Determination of embedded emissions (imports of products)	- Based on actual emissions at installation level, with - fallback default values for each exporting country and each good set at the average emissions intensity for each exporting country and for each good, increased by a mark-up, or - where reliable data is missing, set at the average emission intensity of the 10 per cent worst performing EU installations.	- Based on actual emissions at installation level, with - fallback default values for each exporting country and each good set at the average emission intensity of the 10% worst performing installations in each exporting country, increased by a markup, or - where reliable data is missing, set at the average emission intensity of the 5 per cent worst performing EU installations.	181	- Based on actual emissions at installation level, with - fallback default values for each exporting country and each good set at the average emissions intensity for each exporting country and for each good, increased by a mark-up, or - where reliable data is missing, set at the average emission intensity of the X per cent worst performing EU ETS installations, with X to be determined in an implementing act.
Determination of embedded emissions (imports of electricity)	- Based on third-country specific default values based on the best data available determining emissions, the average CO2 emissions factor of price-setting sources in the third country, or - Where no specific default value is available an alternative	- Based on third-country specific default values based on 10% worst performing installations producing electricity in the third country, or - where no specific default value is available an alternative default value representing the average CO2 intensity of fossil-fuel generation in the EU will be used, or - if certain conditions are met based on actual emissions	182	- Based on third-country specific default values set at the CO₂ emission factor in the third country, or - if a specific default value is not available, an alternative default value for electricity set at the CO₂ emission factor in the EU, - or, if certain conditions are met, calculated based on actual emissions

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	default value representing the average CO ₂ intensity of fossil-fuel generation in the EU will be used, or if certain conditions are met, based on actual emissions			
Circumvention/ resource shuffling / transshipment:	EC to monitor significant change of pattern of trade of goods and slightly modified products at Union level and if relevant adopt delegated acts to supplement scope to include slightly modified products	Defines additional instances that could constitute circumvention: Direct and indirect subsidies (e.g. export rebates) for covered goods in order to absorb the costs linked to a CO₂ price paid in the third country - A CO₂ price paid in 3rd country placed only on goods exported to the EU - Slight product modification Outsourcing of production of downstream products with the objective of avoiding payment of CO₂ price in the EU Transshipment Reorganisation by exporters of patterns and channels of sale and production or any other kinds of dual production and sale practices	135-141	EC to monitor and address the slight modification of goods without altering their essential characteristics, or artificially splitting shipments , in order to avoid CBAM obligations. Transshipment and resource shuffling should be kept under review.

