

Carbon Border Adjustment Mechanism - updates

19.03.2026



600+ Members

We encompass the entire value chain of the hydrogen ecosystem: from production, distribution to end uses, including Industry, Non-Profits, EU regions, H2 National Associations and Global Partners.

40 Countries from Europe and beyond



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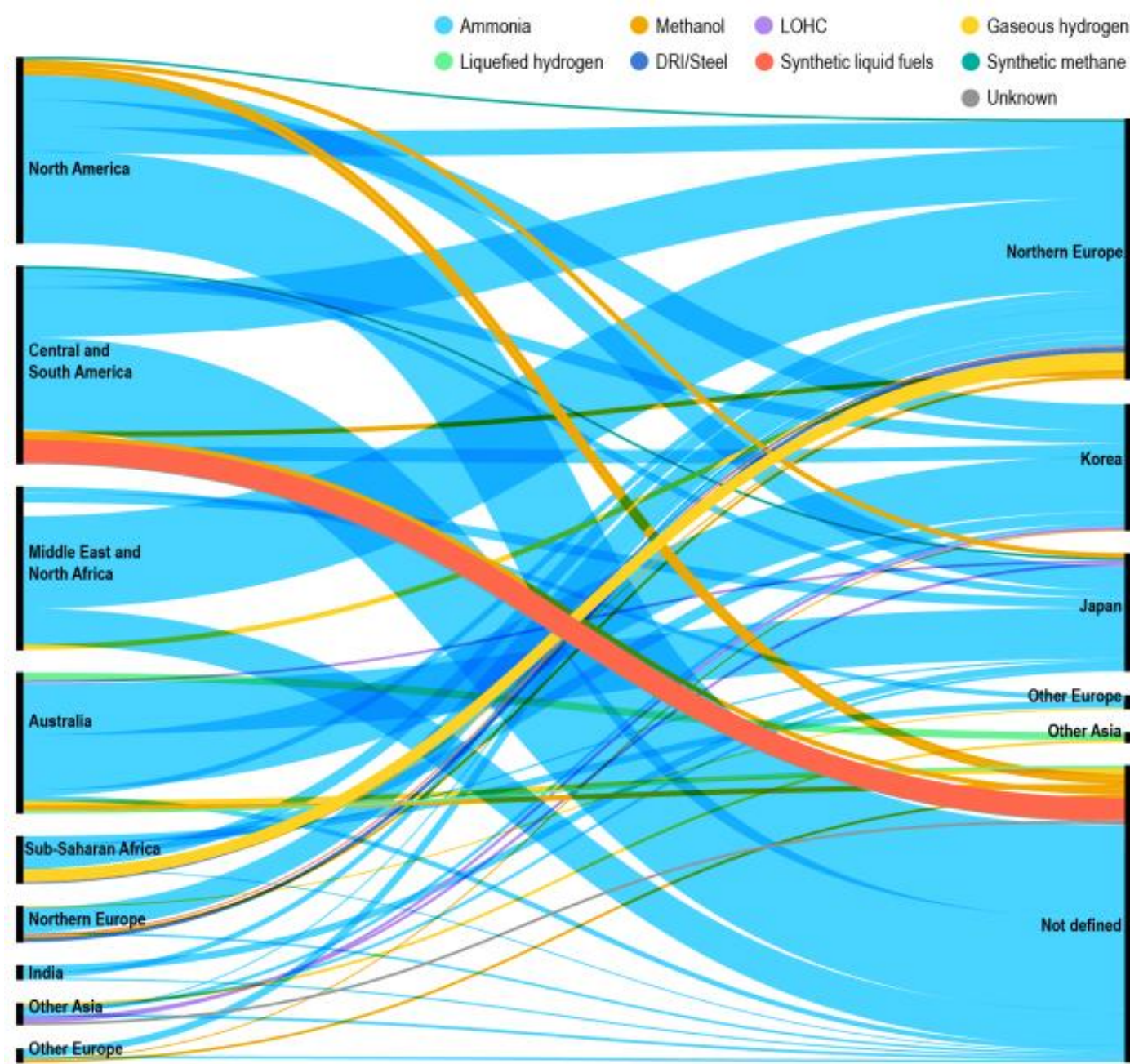
communications@hydrogeneurope.eu

40+ Employees



Hydrogen trade flows

Bilateral trade flows of low-emissions hydrogen by carrier, excluding projects at earlier stages, 2030 – (IEA 2025)



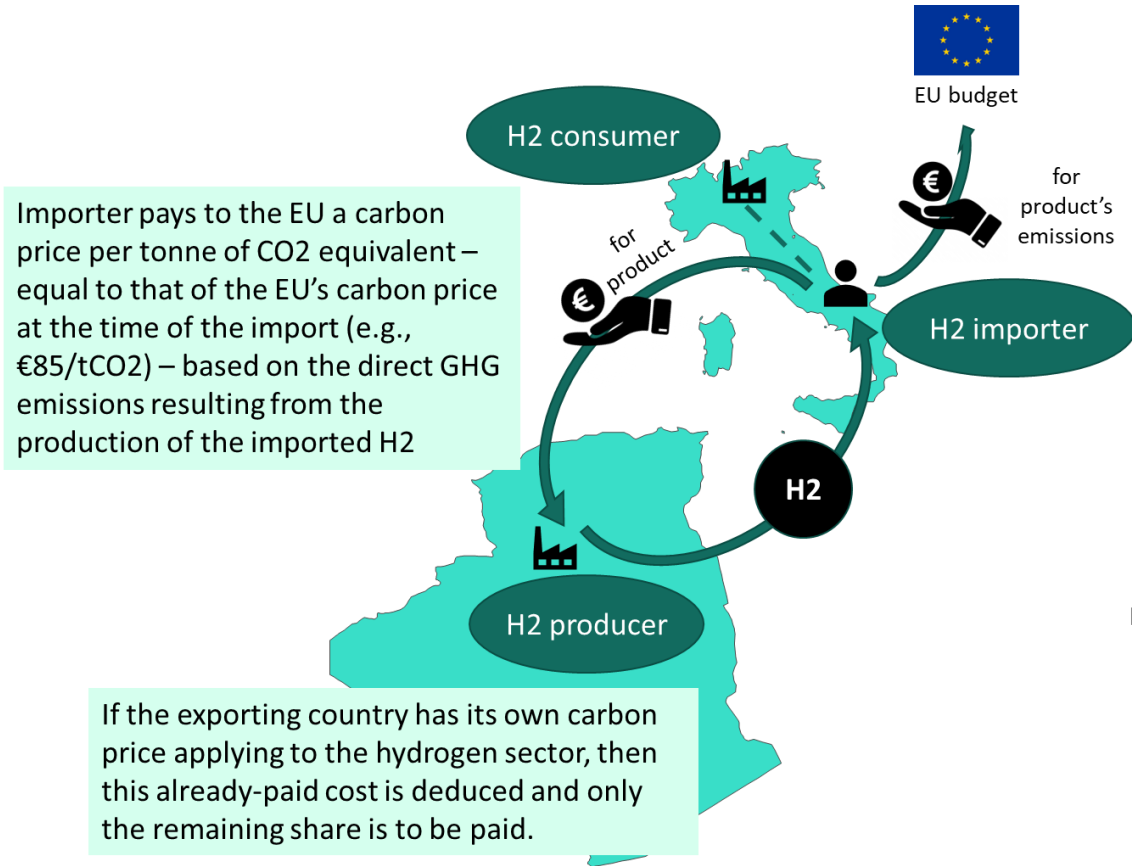
Notes: HBI = hot briquetted iron; LOHC = liquid organic hydrogen carrier. "Not defined" refers to projects for which the import destination has not been identified or disclosed. Earlier-stage projects that are not included are those that remain at the conceptual stage and have not yet progressed to feasibility studies. Total traded volume represented in the diagram corresponds to 9.6 Mtpa H₂-eq by 2030.

Carbon Border Adjustment Mechanism (CBAM)

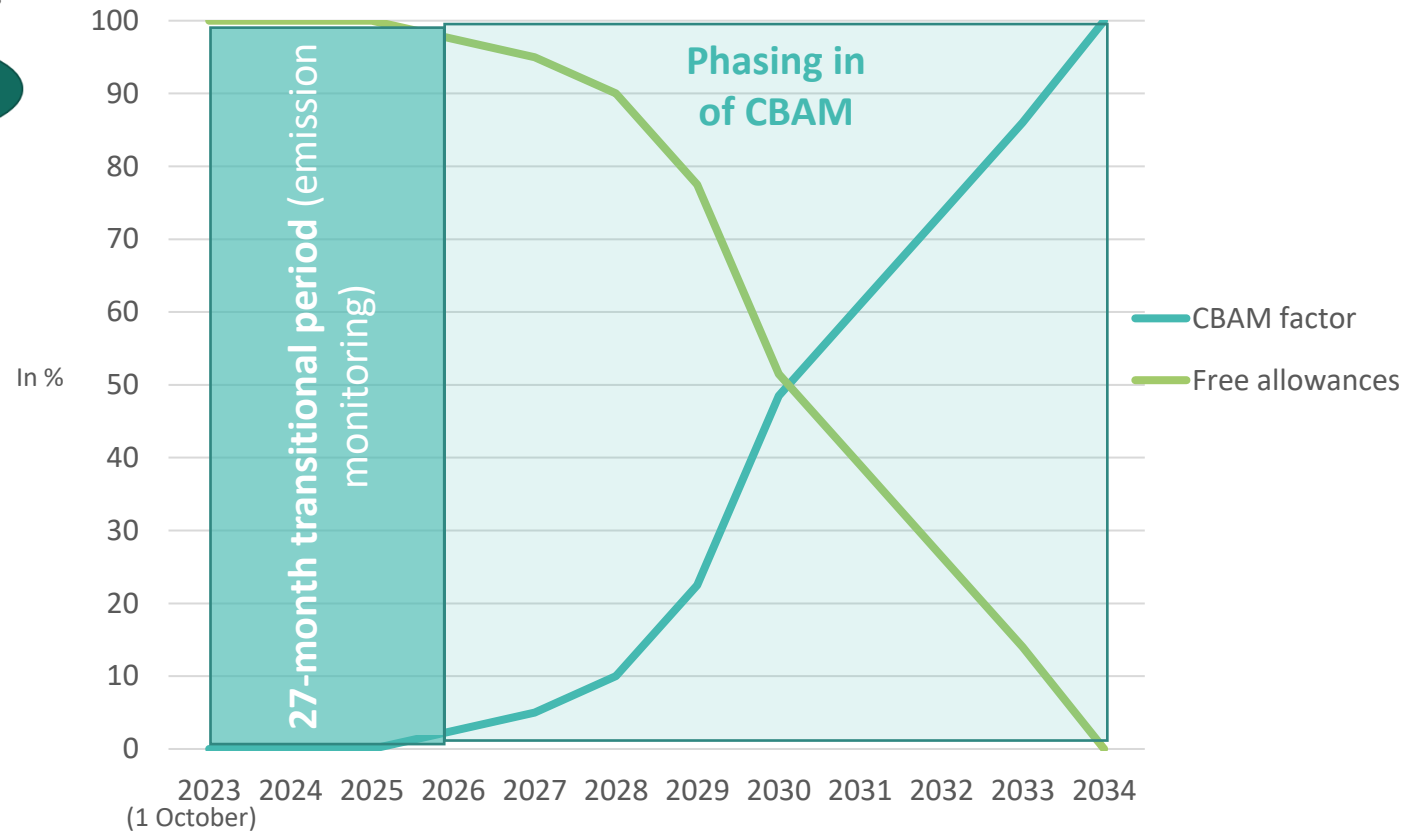
- **Scheme to price the carbon content of selected goods upon import – based on EU weekly (first quarterly) average carbon price and embedded emissions, 1) to lower carbon leakage risks and foster decarbonisation and 2) to level the playing-field between EU and 3rd countries**
- **Covers iron and steel, cement, aluminium, fertilisers (ammonia), electricity and hydrogen (but no other H2 derivative)**
- **Phase out of ETS free allowances and, in parallel, phase in CBAM between **2026-2034**, after transition period (2023-2025)**
- **In definitive phase, covers **direct emissions**, also indirect emissions (except where indirect cost compensation via state aid is in force – as in H2 sector).**

CBAM – how it works

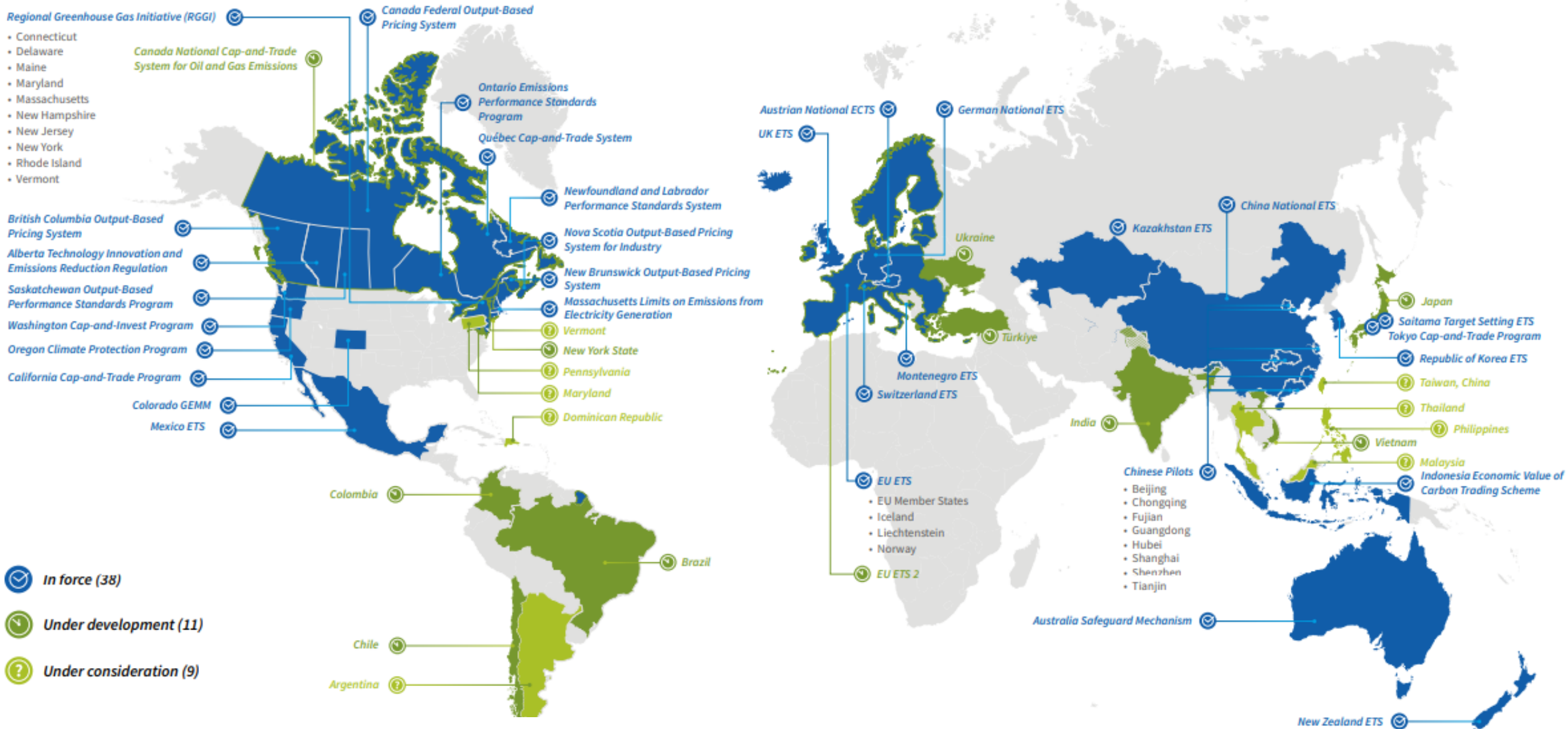
How does the scheme work in practice:



The scheme is phased in progressively:



Emission trading worldwide



- In force (38)**
- Under development (11)**
- Under consideration (9)**

CBAM – what it means for third country exporters

Hydrogen producers will transmit information to EU importers or their customs representatives who must report on a quarterly basis



The **quantity of hydrogen** (in tonnes) in the scope of EU CBAM being imported to the EU during the previous quarter.



Direct CO₂ emissions embedded in the goods being imported to the EU. Indirect emissions embedded in the goods resulting from the production of electricity which is consumed during the production of those goods.



Any carbon price due in the country of origin for the embedded emissions in the imported goods, together with information on any rebate or other forms of compensation.



Contextual information on the produced CBAM goods such as the production route and, depending on the good, sector-specific parameters.

CBAM – what it means for (clean) steel



The **quantity of iron and steel goods** (in tonnes) in the scope of EU CBAM being imported to the EU during the previous quarter.



Direct CO₂ emissions embedded in the goods being imported to the EU.



Indirect emissions embedded in the goods resulting from the production of electricity which is consumed during the production of those goods.



Any carbon price due in the country of origin for the embedded emissions in the imported goods, together with information on any rebate or other forms of compensation.



Contextual information on the produced CBAM goods such as the production route and, depending on the good, sector-specific parameters.

> Which iron and steel goods fall under CBAM?

Iron and steel goods falling within the scope of the new reporting obligations are detailed in Annex I to the CBAM Regulation (EU) 2023/956. They include iron and steel goods determined by their Combined Nomenclature (CN) for example: CN 7303 00 – Tubes, pipes and hollow profiles, of cast iron.

In order to find out if the goods you produce fall under the scope of the CBAM, you may use the CBAM self-assessment tool that will soon be available on the CBAM website or you may use the [TARIC consultation tool](#).

CBAM – what it means for (clean) ammonia – under fertilisers



The **quantity of fertiliser products** (in tonnes) in the scope of EU CBAM being exported to the EU during the previous quarter.



Direct CO₂ emissions (plus nitrous oxide emissions for some fertiliser goods) embedded during production of the goods being imported to the EU, at installation or production site level.



Indirect emissions embedded in the goods resulting from the production of electricity which is consumed during the production of those goods.



Any carbon price due in the country of origin for the embedded emissions in the imported goods, together with information on any rebate or other forms of compensation.



Contextual information on the produced CBAM goods such as the production route and, depending on the good, sector-specific parameters.

> Which fertiliser goods fall under CBAM?

Fertiliser goods falling within the scope of the new reporting obligations are detailed in Annex I to the CBAM Regulation (EU) 2023/956. They include fertiliser goods determined by their Combined Nomenclature (CN) for example: 2814 – Ammonia, anhydrous or in aqueous solution.

In order to find out if the goods you produce fall under the scope of the CBAM, you may use the CBAM self-assessment tool that will soon be available on the CBAM website or you may use the [TARIC consultation tool](#).

Extension to downstream goods

- Beyond primary materials, legislative extension of scope
- 180 steel- and aluminium products from 2028 onwards.
- 90% of the extension: products in industrial value chains + 6% household products

Anti-avoidance measures

- Closing “scrap loophole”
- Enhance reporting requirement for better traceability
- Limiting the possibility of misdeclaration of emissions


Temporary Decarbonisation Fund

- 2-year support mechanism for energy intensive products that are export-heavy, thus limiting carbon leakage risk in CBAM sectors
- Support is proportional and conditional on decarbonisation investment.

‘Article 27a

Serious and unforeseen circumstances

The Commission shall monitor the situation at Union level with a view to monitoring the impact of the CBAM on the Union internal market. Where the Commission, taking into account the relevant evidence, considers that the inclusion of a good in Annex I causes severe harm to the Union internal market due to serious and unforeseen circumstances related to the impact on the prices of goods, it is empowered to adopt delegated acts in accordance with Article 28 to remove this good from Annex I until those serious and unforeseeable circumstances have passed.’;



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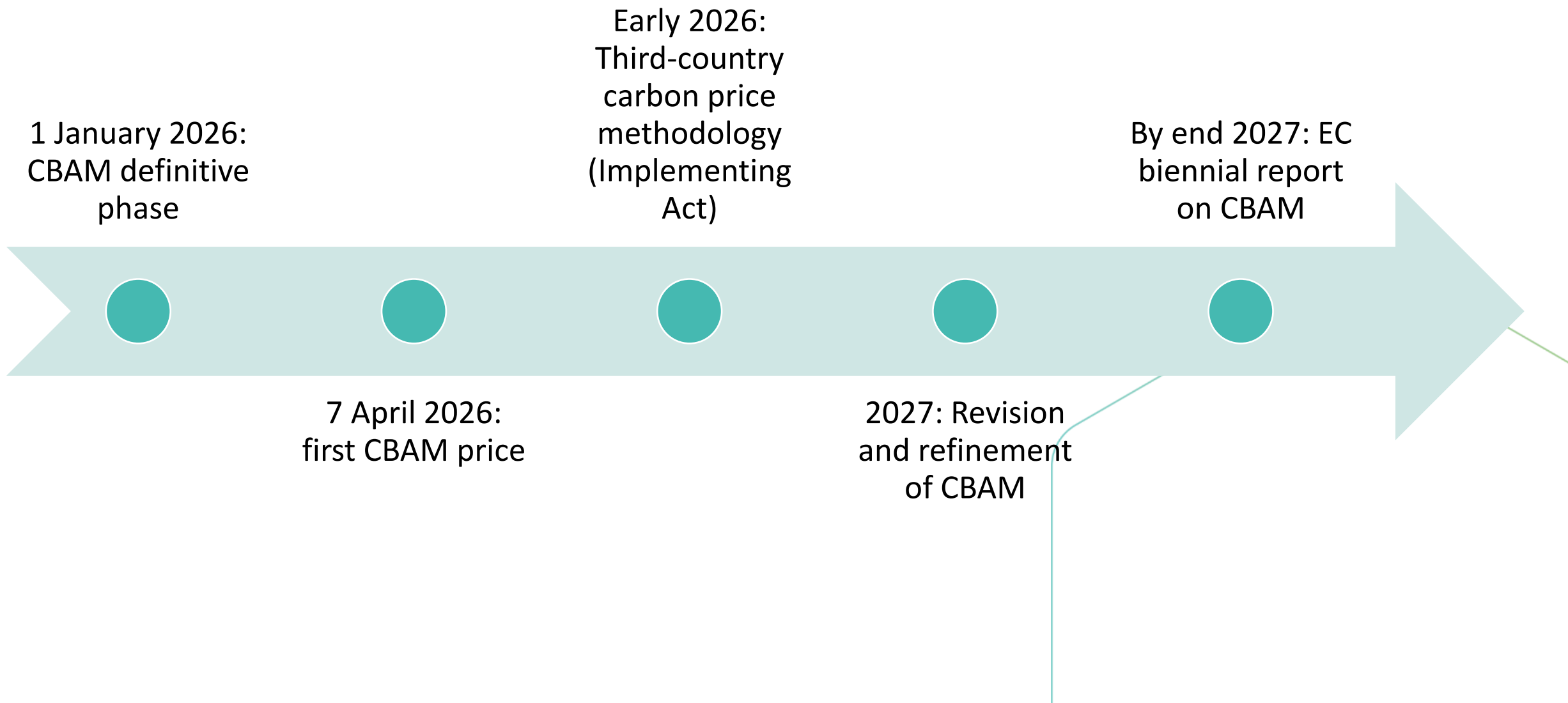
To:
Joint letter of European industry in opposition of Article 27a of the proposed revision of the CBAM Regulation
23 January 2026

On 17 December 2025 the European Commission published a proposal to amend the Carbon Border Adjustment Mechanism Regulation, to provide measures to extend the scheme's scope to address circumvention opportunities. The goal of this proposal was to strengthen the mechanism, even enlarge it to develop a comprehensive EU environmental policy tool for fair carbon. Nevertheless, by inserting a temporary suspension mechanism under a new Article 27a, the Commission can unravel the trust both in the CBAM and in Europe's carbon pricing system. This will, in turn, give a seriously harmful signal to European (and global) climate efforts, likely impairing industrial decarbonisation efforts.

The Commission proposes a mechanism, whereby it can – through delegated acts – suspend goods from the scope of the CBAM as long as their continued inclusion causes “severe harm to the Union internal market” due to “serious and unforeseen circumstances related to the impact on the prices of goods.” As the “temporary” suspension of select goods from the CBAM is technically indefinite and depends on the Commission of the market conditions, in the absence of any mechanism to remove all trust and predictability in the CBAM system, the CBAM created an environment for investment in Europe and elsewhere that is highly uncertain. Suspension of the CBAM for billions of industrial processes – including fertilisers, steel and other heavy industries – moving to become competitive. Suspension of the CBAM for billions of euros of investment into climate tech worthless. The Article 27a mechanism also discourages other measures to reduce carbon pricing systems; something the CBAM has done to its investors and customers of CBAM (e.g. fertilisers) are pertinent to the industry removal of carbon pricing systems.

- Investment security is harmed – in low-carbon H2 and ammonia
- Argument based on fertiliser price increase (10-25%) – unrealistic
- No safeguards, no clarity on suspension timelines, no reference to effects on free allowance phase out

Next steps for CBAM



Thank You



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