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Answer given by Mr Hoekstra
on behalf of the European Commission
(12.5.2026)

The Carbon Border Adjustment Mechanism (CBAM) is an environmental measure aimed at addressing the risk of carbon leakage. Carbon leakage arises when EU production is moved to third countries with less ambitious climate policies, or when EU production is replaced by carbon-intensive imports.

Since adoption of the original CBAM Regulation, the Commission has taken further action to address carbon leakage risks and reduce the regulatory burden for small and medium-sized enterprises (SMEs). Notably, companies importing less than a certain threshold (currently set at 50 tonnes) on a yearly basis are exempt from CBAM obligations¹. This is expected to especially benefit small and medium-sized enterprises (SMEs) importing only limited quantities of CBAM goods. This threshold thereby exempts over 90% of companies importing CBAM goods into the EU, while maintaining over 99% of emissions in scope. Following the simplification adopted in October 2025, the Commission may also publish default carbon prices for third countries where carbon pricing rules are in place. This change constitutes a major simplification for importers. For the proposed downstream extension, the use of default values is facilitated by the introduction of a zero mark-up for complex downstream goods.

The Commission furthermore facilitates the implementation of the CBAM by providing guidance to importers and other stakeholders², and will continue to cooperate closely with industry stakeholders and national authorities to monitor the implementation of the CBAM. The Commission will publish its next report on the application of the CBAM and its implementation in 2027.

¹ <https://eur-lex.europa.eu/eli/reg/2025/2083/oj/eng>.

² https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-legislation-and-guidance_en.