



German Chamber of Commerce and Industry

CBAM Adjustments 2025: Proposals from Businesses

For German industry, it is more important than ever that European climate protection ambitions do not become a competitive disadvantage in international trade. An effective and unbureaucratic carbon leakage protection is essential for the green transformation of industry. Without a level playing field in CO₂ pricing, European industry will lose competitiveness, making energy-intensive production in Europe increasingly unfeasible.

The CBAM (Carbon Border Adjustment Mechanism) faces conceptual limitations in protecting against carbon leakage. A pricing mechanism that taxes the embedded CO₂ emissions of domestic and imported products must also prevent competitive disadvantages for European industry in export markets and effectively safeguard competitiveness for CBAM and downstream products. Such an export solution must be WTO-compliant. Unilateral measures are less effective and risk trade conflicts and increased protectionism. Many companies fear retaliatory trade measures that could harm domestic industry.

Multilateral climate agreements with key partners, such as the Climate Club, should ensure fair global competition. Negotiations with the UK to link its ETS system with the EU's and thereby exempt both sides from CBAM are crucial. Similar negotiations should be pursued with other third countries, ensuring alignment of ETS requirements.

Many of the EU Commission's proposals for CBAM development are generally positive. They represent a significant reduction in red tape for many companies. In particular, the proposed annual de minimis threshold of 50 tonnes for imports of CBAM-covered goods is essential.

Details:

The short notice and urgency of CBAM consultations are highly problematic for businesses. CBAM regulations must be thoroughly consulted and implemented early so companies can prepare adequately. Importers currently cannot calculate prices for 2026 due to missing standard values and benchmarks—an unacceptable situation just weeks before year-end. Small and medium-sized enterprises (SMEs) especially struggle to prepare or even assess their CBAM exposure.

Methodology Regulation: Simplifying and Clarifying Grey Emissions Calculation

To calculate product-specific grey emissions, companies depend on information from their suppliers in third countries. Gathering this information will pose additional bureaucratic challenges and be very time- and labour-intensive, especially if suppliers are (still) unaware of the requirements arising from

CBAM. Long supply and value chains, as well as complex supplier relationships, further complicate data collection for importers.

Companies' previous experiences with their suppliers have been mostly negative, showing that suppliers are often unable or unwilling to provide the required data. In some cases, the necessary data is considered confidential, or antitrust laws prohibit its disclosure.

For small and medium-sized enterprises (SMEs), there are often no resources available for data collection. EU support and calculation methods are also particularly complex for SMEs. In some cases, CBAM is still completely unknown, and companies would first need to train their suppliers. The quality of the data cannot be verified, and there are concerns that insufficiently accurate data could lead to legal risks.

Additionally, the complex calculation of embedded CO₂ emissions is a major challenge for suppliers in third countries, especially in multi-stage manufacturing processes involving different companies. Suppliers therefore charge for data collection, and these costs often exceed the delivery costs or the CO₂ price.

The actual CO₂ emissions must be requested from the respective supplier in a very laborious process and are generally difficult to verify. In practice, this presents a major problem, as the CO₂ emissions for CBAM-relevant imported products are often not available. This leads to further issues for companies, such as uncertainty among importers when reporting implausible values that were nevertheless provided to them. Moreover, there is increased bureaucratic effort due to the burden of proof required by authorities, as the data must be retained for an extended period.

The possibility of using standard values is fundamentally very positive and would significantly ease the burden. The use of new standard values also provides important relief, as it eliminates the audit obligation.

Determining standard values based on the average emissions intensity of the ten export countries with the highest emissions intensities results in a significantly higher value being applied compared to the actual emissions of the specific product, leading to increased import costs. Therefore, the value should not be set more strictly than currently planned.

Some companies point out that using regional emission values could lower the average CO₂ value in the calculation, thereby reducing the effectiveness of the mechanism and disadvantaging energy-intensive industries. Strict control of the methodology for standard values should be carried out in this context. The planned adjustment of the calculation method, in which standard values are based on the ten most emissions-intensive import and export countries, should be regularly evaluated.

Some companies also warn that using regional average values to determine the CO₂ intensity of imported products under CBAM can lead to distortions. In particular, there is a risk that the actual emissions of individual products are not adequately reflected by general or overly low standard values. This could impair the effectiveness of the mechanism, as CO₂-intensive production would not be sufficiently priced, and CO₂-efficient production would not be appropriately favoured.

An effectiveness issue arises especially when actual emissions are higher than the standard values used—i.e., when imported products are treated more favourably despite being more harmful to the climate than comparable EU products. In such cases, EU industry must purchase more certificates than its competitors, which can lead to a relative competitive disadvantage—regardless of whether the sector is energy-intensive or not.

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Therefore, the planned adjustment of the calculation method, based on the ten most emissions-intensive import and export countries, should be regularly evaluated. Strict control of the methodology is necessary to ensure that CO₂ pricing reflects reality and that CBAM can achieve its climate policy steering effect. CBAM explicitly aims to align CO₂ costs. A fair and transparent emissions assessment is thus crucial to avoid distortions and maintain the credibility of the instrument.

Regulation on Free Allocation Phase-Out (2026–2034)

1. **Conditional Phase-Out:** Free allocation should only be reduced once CBAM provides clear and effective carbon leakage protection.
2. **Benchmark Harmonization:** CBAM benchmarks should derive directly from EU ETS benchmarks to ensure consistent evaluation of EU and third-country products.
3. **Standard Values with Clear Criteria:** Renewable energy share in the export country's energy mix should be considered to avoid favouring high-emission countries.¹
4. **Export Solutions Required:** Free allocation phase-out must be contingent on finding export solutions for competitive industries and products.
5. **Combined Benchmark and Factor Method:** A transitional combination of methods could offer planning security and maintain competitive neutrality.

Regulation on Deducting Paid CO₂ Prices

The implementing regulation on the deduction of paid CO₂ prices must establish clear and practical rules to avoid double taxation for companies. These include:

- **Transparent deduction rules:** Clear provisions for converting CO₂ costs paid in third countries into CBAM certificates, including standardized currency conversion and documentation requirements for discounts or reductions. This is intended to ensure that companies do not pay for the same emissions both in the third country and in the EU. Since emission calculations vary significantly internationally, the EU should advocate for standardized emission calculations through the Climate Club.
- **Simplified documentation and certification requirements:** The documentation requirements must be suitable for SMEs and pragmatically designed. Standardized

¹ Some companies are against standard values as they could distort competition or ask for a broader application in order to render CBAM less bureaucratic.

formats (e.g., digital certificates and country-specific standard values) should be available as an option in cases of significant complications in determining emission values, to reduce the burden on companies. Independent certification bodies should be accredited according to uniform EU criteria to build trust and prevent misuse.

- **Preventing carbon leakage through harmonized benchmarks:** The recognition of paid CO₂ prices should be linked to EU ETS benchmarks to ensure competitive neutrality. Currently, there is a risk that producers in third countries with lower CO₂ pricing and/or higher emissions intensity may gain an unfair competitive advantage.

Additional Points

- **No penalties for exceeding the 50-tonne threshold,** provided that an application for registration as an Authorized CBAM Declarant has been submitted at the time of import (not the actual approval, which takes up to 120 days and is too long). Alternatively, a provisional registration should be possible immediately upon application—or import should be allowed using standard values.
- **If a company does not receive approval,** it is currently excluded from importing CBAM goods under the existing regulation. This constitutes an excessive infringement of fundamental rights, as import using standard values would be possible without risk. Additionally, supply shortages may occur.

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At the national and European levels, the DIHK advocates for the interests of the entire commercial sector in dealings with politics, public administration, and the general public. Several million companies from trade, industry, and services are statutory members of an IHK—from kiosk owners to DAX-listed corporations. Thus, the DIHK and the IHKs serve as a platform for the diverse concerns of businesses. These are consolidated through a structured process based on legal foundations to represent the overall interests of the commercial economy and contribute to the economic policy decision-making process.

Our statements are based on the economic policy positions and adopted position papers of the DIHK, taking into account the feedback received from the IHKs and their member companies up to the time of submission.

In addition, the DIHK coordinates the network of 150 German Chambers of Commerce Abroad, delegations, and representations of German business in 93 countries.