



CBAM Challenges 2026

Business recommendations for necessary changes

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Given the difficult business environment in Germany and Europe, as well as the barriers and risks in international trade, it is more important than ever for the German economy that European climate protection ambitions do not further exacerbate competitive disadvantages. Yet this is precisely what many companies have experienced since the introduction of the Carbon Border Adjustment Mechanism (CBAM): increased bureaucracy and higher costs for imports and exports.

Effective and unbureaucratic protection against carbon leakage is essential if the green transformation of the Manufacturing Industry in Europe is needed. Without a functioning level playing field, European manufacturing industry will lose so much of its competitiveness that energy- and resource-intensive production in Europe will hardly be possible in future. At the same time, a solution must be found for exports: goods produced in the EU face fierce price competition from goods from countries with low or no CO₂-levies, which they will be unable to withstand under the current framework. In this regard, it is important that the CBAM is strategically coordinated with the measures to protect the EU steel industry and the Industrial Accelerator Act (IAA), which can influence not only the protective effect but also the bureaucratic burden and the international competitiveness of the companies concerned.

On the one hand, there is a growing chorus of voices within the business community calling for additional CBAM protection against foreign competition in their sectors, as they are losing global competitiveness in the downstream processing chain due to the CBAM's coverage of basic products. At the same time, feedback from the Manufacturing Industry, trade and logistics indicates that the CBAM also places a burden on raw material producers, downstream value-added stages, trading companies and export-oriented SMEs. Without adjustments to the CBAM, there is a risk of distortions of competition, supply chain relocations and a structural loss of industrial value creation in Europe.

For small and medium-sized enterprises in particular – which do not have their own compliance departments, specialised customs teams or the necessary IT resources – the CBAM in its current form represents a structural burden. We must avoid a situation where the very companies that are indispensable for the decarbonisation of Europe as a business location – innovative SMEs, technology providers and specialised suppliers – are forced out of international business by an overly complex system.

The implementation of a volume threshold of 50 tonnes rightly results in a large number of smaller importers being exempted from the regulation. These importers are generally SMEs. Relieving these companies of bureaucratic obligations is a sensible approach. Overall, however, there is a growing chorus of voices within the business community calling for the abolition of CBAM in view of its high and unpredictable costs and the highly bureaucratic implementation of the system.

Companies often have to take on extra staff to deal with CBAM documentation. The short notice and haste – and, conversely, the delays – with which CBAM regulations are drafted and consultations carried out are highly problematic for those affected – importers, exporters and downstream economic sectors. CBAM legislation should be thoroughly considered, subject to consultation and brought into force with a transition period, so that the processes are workable and businesses can prepare adequately and in good time for implementation. This has not been done to a sufficient extent and does not appear likely to happen in future either. A current example is the implementing regulation for the recognition of a CO₂ price paid in a third country. The Commission's stringent requirement that only CO₂ costs that have actually been paid, are product-related and are non-refundable should be taken into account leads to new, burdensome data and verification requirements. The new regulations come too late for businesses and are foreseeably impractical.

Companies in Germany are currently facing massive problems with regard to the implementation of the CBAM. The German Government and the European Commission must address the following issues without delay:

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Calculate standard values and benchmarks appropriately and correctly

The ability to use default values is essential for businesses, as verifiable real-world data is often unavailable for Manufacturing Industries with complex, global upstream supply chains, or the risk of using such data is high. Importers have only limited influence over the quality of external information. Even where CBAM-compliant real data is available, it is often unclear whether verification by an accredited testing body can actually be carried out – for example, due to capacity constraints.

No testing bodies will be accredited before September 2026, but verification must be completed between January and September 2027. Against this background, the annually increasing surcharges on the conservatively estimated standard values set out in Regulation (EU) 2025/2621 are disproportionate in relation to the costs of future technical possibilities.

The standard values published in December 2025 are surprisingly high for many companies and pose a threat to European industrial sectors. High default values do not affect all countries equally. In particular, the default values for China and Indonesia far exceed those from the EU Joint Research Centre study – which is authoritative during the transitional phase – for a very large number of CN codes. Hardly any company can switch its sources of supply to countries with lower default values at short notice. With high standard values, the gradual phasing-in of the CBAM – as previously communicated – and the phasing-out of the deduction – defined by the decreasing CBAM factor and the CBAM benchmark – have little effect. The planned annual increases of 10, 20 and 30 per cent on the standard values, which are already calculated conservatively, further undermine the announced phased introduction of the CBAM.

Like the standard values, the benchmark values should be set through a transparent process at a realistic level, rather than under considerable time pressure with the announcement of further adjustments. To take account of operational realities, the prices should be transparent and, above all, allow for planning with sufficient lead time of at least three years, as they affect existing contracts and projects. To this end, the DIHK considers a transparent procedure – accessible to those affected – for a fact-based adjustment of the values to be essential, e.g. via a complaints portal. Retroactive price increases – such as those resulting from the first allocation of CBAM allowances in 2027 for imports in 2026 – create massive planning uncertainty, particularly for SMEs and the retail sector.

Monitoring and preventing circumvention

The CBAM currently has significant loopholes (e.g. resource shuffling) which, without countermeasures, will undermine its climate policy and competition objectives.

The German steel industry points to numerous loopholes that should be closed for competition reasons. Steel is the raw material for many industrial sectors such as mobility, construction, renewable energy, mechanical engineering and the defence industry. Carbon leakage in these sectors can only be prevented if the industrial value chain is taken into account. Importers deliberately declare products in such a way that they fall under tariff headings not covered by the scheme.

This applies in particular to specific scenarios involving the use of scrap (particularly aluminium) as a feedstock. The current distinction between pre-consumer and post-consumer scrap is practically impossible to verify and creates significant loopholes. Manufacturers from third countries can claim to use post-consumer scrap without any effective means of verification. What is required is either to dispense with this distinction or to introduce a uniform, verifiable and abuse-resistant default rule for aluminium as a feedstock, which does not open the door to new circumvention strategies, regardless of the type and proportion of scrap used.

Some Chambers of Industry and Commerce point out that the introduction of the 50-tonne threshold should not result in emissions falling outside the scope of the regulation or in circumvention strategies being enabled.

Suspend or extend certification deadlines

The mandatory certification of approximately 40,000 industrial facilities required under CBAM is likely to be met with an insufficient number of accredited verifiers. This not only leads to bottlenecks and rising costs, but also forces companies to use default values that are disadvantageous to them, even when actual data is available. In the case of complex supply chains involving multiple intermediate products, it is also the case that certification of the final production stage is not sufficient; all upstream suppliers must also be certified, otherwise the use of actual data remains ineffective.

Given that all suppliers in the supply chain must be audited, the deadlines are unreasonably short. The certification deadlines should therefore be extended and obligations suspended until sufficient certifiers are available.

SME-friendly CBAM extension not introduced prematurely

Feedback from industry indicates that, in value chains already covered by the CBAM, targeted downstream extensions may be necessary to prevent carbon leakage into subsequent product stages. This applies in particular to steel- and aluminium-intensive products. However, the planned product extension from 2028 is, in the view of most companies, premature as long as the **calculation, reporting** and verification processes do not function reliably. An extension of the CBAM product scope should only be considered once the current system is functioning flawlessly.

Whilst the expansion reduces competitive pressure on affected manufacturers in the EU, it simultaneously increases the administrative burden for downstream products and significantly raises their costs – with corresponding implications for exports. The expansion therefore requires broad consultation and careful consideration. In particular, the actual impacts within the EU and on exports must be comprehensively

evaluated. A continuous expansion of the CBAM is not feasible given the resulting increase in product complexity.

One possible approach would be a temporary reduction in the benchmarks or an extension of free allocation until a workable downstream extension has been developed, featuring export rebates analogous to the export relief provided under the EU VAT system.

In principle, a distinction should be made between raw material-intensive and complex products. For raw material-intensive products, an extension can in many cases prevent value chains from relocating to countries with lower prices for CBAM goods and, as a result, prevent the loss of jobs, future technologies and industrial sectors.

The German steel industry advocates for the rapid expansion of the product groups covered by the CBAM. From this perspective, the CBAM should proactively take into account trade diversions, production developments in third countries and the risks of circumvention. One example is the use of steel derivatives in electric drives. If the steel is imported, this results in significant price differentials compared with foreign competitors and a loss of competitiveness for the finished products; as a result, European manufacturers – for example, of electric motors – relocate their production to China or Serbia. Another example is ammonia, which is used in the production of chipboard and is subject to the CBAM. If companies import finished chipboard from, for example, Turkey, this is not subject to the CBAM, and production within the EU becomes uneconomical due to the high prices of ammonia.

The extension of the CBAM to further products means that a large number of companies will now fall under the CBAM. These must become authorised CBAM declarants. This complex authorisation process requires adequate lead time for both companies and authorities. To enable affected companies to import goods even without existing CBAM authorisation, there should be a transitional period, similar to that in 2026.

An extension of the CBAM obligation will affect many more manufacturers. As the range of products covered expands, the de minimis threshold – currently set at 50 tonnes – will also rise, as the threshold is intended to ensure that 90 per cent of importers and 99 per cent of emissions are exempt. The new threshold should be available in good time to facilitate the transition as the product scope is expanded. In general, the deadlines and requirements for certification are too rigid; it should be possible to rectify short-term exceedances of the de minimis threshold (see below).

Even under the current scope of the CBAM, a shortage of certifiers is already expected. This situation will be further exacerbated by an expansion. As a consequence, more importers will in turn have to rely on default values. The resulting costs will have serious negative repercussions, particularly for small and medium-sized enterprises.

Fast CBAM export solution with expanded scope

The lack of an export solution is the CBAM's biggest design flaw. As long as the CBAM fails to provide WTO-compatible and effective protection for exports and downstream sectors, the DIHK strongly advocates that free allocation should not be phased out. Otherwise, there is a risk of competitive disadvantages and the relocation of production abroad. The temporary decarbonisation fund could offer a workable solution here, provided it is implemented in a manner that is WTO-compatible and SME-friendly. However, it primarily addresses ETS installations. Companies not covered by the ETS should also be taken into account in transitional measures.

In principle, comprehensive multilateral climate agreements with relevant partners, such as within the Climate Club, should ensure a level playing field worldwide. Particular focus should be placed on the EU's

neighbouring countries. Negotiations with the UK to link its ETS system to that of the EU, thereby exempting both sides from the CBAM, should be concluded swiftly. Such negotiations should also be pursued with other third countries, and efforts should be made to ensure that the requirements of the ETS systems, which an increasing number of countries are introducing, are harmonised. Mutual recognition between countries introducing their own CBAM requirements should also be examined. Finally, negotiations on the Climate Club and within the World Trade Organisation, the OECD and the World Bank should be taken forward with a view to the mutual recognition of CO₂ calculation methods and technical specifications for IT systems, in order to make it easier for businesses to operate.

Implementation support and legal clarifications

The division of responsibilities between Customs, the German Emissions Trading Authority (DEHSt) and the EU portal is insufficiently coordinated for businesses. This leads to conflicting information, long response times and considerable legal uncertainty. Yet the practical feasibility of CBAM depends largely on effective system integration.

The German Emissions Trading Authority attempts to address enquiries from businesses and clarify them transparently. However, the time taken to respond is far too long. Questions also frequently arise on the EU portal, where there is no direct support, or with customs, which has its own communication channels. The EU portal has a very complex structure. Guidance on various scenarios is lacking. For businesses, this results in an extremely confusing system without adequate support. This leads to frustration and resistance.

The national portal for CBAM registrants is only partially functional. There are no notifications when changes are made to the portal; instead, applicants must constantly check for updates themselves. This is unreasonable to expect of businesses.

A reliable calculator for calculating CBAM costs must be made available in all official languages.

The complexity of cross-border movements of goods has given rise to numerous issues that have remained unresolved for months, including those relating to the important role of indirect customs agents – DEHST has compiled information on this matter, but this leaves fundamental questions unanswered. The following special cases require clarification as to whether they fall below the 50-tonne de minimis threshold and how these cases should be handled with regard to emissions and allowances:

- Processing of input materials from the EU in third countries with subsequent re-importation into the EU: Regardless of the origin of the input materials and the chosen customs procedure, the input materials supplied should not be subject to CBAM – even without an audit. The procedure here is just as unclear as it is for the simplified calculation of processing.
- Handling of sample consignments, test goods and returned empty reusable packaging: How should these special cases be treated under CBAM legislation, and how should circulating empty reusable packaging (e.g. mesh boxes) be declared so that they do not become subject to CBAM again with every cycle? Dealing with reusable packaging at customs is already very complex even without CBAM. If there is to be no general exemption for this packaging, a workable solution must at least be found with neighbouring countries as quickly as possible.
- There is also a need for clarification of a more general nature regarding inward processing, returned goods and repair consignments. Uniform and practical regulations applicable across the EU are required in these areas.

Further points of great practical importance to businesses

1. CBAM allowance prices and planning certainty

- The CO₂ price in the European Emissions Trading Scheme, to which the CBAM allowance price relates (the EU ETS auction price from the previous week), is volatile and difficult to predict. This makes it particularly difficult for small and medium-sized enterprises (SMEs) to manage CBAM. Businesses require a degree of price stability and the ability to plan ahead for the procurement of CBAM allowances, in the sense of stabilising the ETS allowance price, as the European Commission is currently planning.

2. Fifty-tonne threshold and application

- No sanctions should apply if the 50-tonne threshold is exceeded, provided that an application for authorisation as an 'authorised CBAM declarant' has already been submitted.
- If a company is not granted authorisation, it currently faces exclusion from importing CBAM goods – a disproportionately severe encroachment on entrepreneurial freedom. This may also lead to supply bottlenecks.
- It should be possible to obtain provisional authorisation upon submission of the application – or to temporarily process imports using standard values.

3. Mixed products and standard values

- In the case of CBAM goods containing significant proportions of materials not subject to CBAM (e.g. plastics), the proportion of material not relevant to CBAM cannot be deducted unless verified emission values are available for those components of the goods.
- This poses significant challenges for businesses, as is also the case for goods of EU origin or those subject to outward processing. The failure to allow this deduction is incomprehensible.

4. Logistics centres, CBAM and re-export

- In many logistics processes, goods – for example, as part of a container load – are imported into the EU for free circulation and subsequently re-exported from the EU without undergoing further processing.
- Regulations are needed to provide for exemptions or refunds of CBAM payments for these goods. Alternatively, a solution is required to prevent logistics and distribution centres in the EU from being bypassed, in order to avoid competitive disadvantages.

5. Self-assessment tool and information outreach

- The European Commission should introduce a comprehensive online self-assessment tool and link it to the EU trade website Access2Markets, enabling companies to check – by entering the third-country and HS code – to what extent they are subject to CBAM obligations, what data they must request from their foreign suppliers, and which calculation methods must be followed.
- Furthermore, the European Commission and the Member States should also reach out to third countries through enhanced information outreach. This is particularly important to raise awareness of CBAM in those countries, as European economic operators rely on information from their suppliers in third countries.

6. CERTEX

- On 1 June 2026, the General Customs Directorate (GZD) began rolling out the CERTEX system. As a result, users of the previous EIDR Type C notification procedure can no longer import CBAM goods by simply transferring them into their own accounting systems. These must now be actively cleared by customs.
- Given the short implementation deadline, it is virtually impossible to adapt internal company processes in time. In the event of future adjustments to the commodity groups, customs should provide early and comprehensive information, including to the main customs offices.

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Who we are:

The German Chamber of Commerce and Industry (DIHK) is the umbrella organisation of the 79 Chambers of Commerce and Industry (IHKs) in Germany. Together, they represent the interests of more than three million companies from industry, trade and services – from small local businesses to globally active corporations. Their shared objective is to ensure the best possible conditions for successful business.

At the national level, the DIHK consolidates the positions of the IHKs through a formal, statutory-based process. It represents the overall interests of the German business community vis-à-vis policymakers, public authorities and the wider public. At both the federal and European levels, the DIHK advocates for competitive framework conditions, including reduced bureaucracy, open markets and modern infrastructure.

The DIHK serves as a platform for the diverse perspectives of its member companies. Its analyses and statements reflect a broad range of views, including minority positions, in order to provide policymakers with a comprehensive and balanced picture. In this way, the DIHK contributes to informed and credible economic policy debates in Berlin and Brussels.

Entrepreneurs play a central role in shaping the DIHK's positions through their engagement in statutory and voluntary bodies such as general assemblies and committees. Their work is supported by more than 200 staff members in Berlin and Brussels. The DIHK's Chief Executive Officer, appointed by the General Assembly, is responsible for day-to-day operations.

In addition to its national role, the DIHK coordinates a global network of more than 150 German Chambers of Commerce Abroad (AHKs), delegations and representative offices in over 90 countries, supporting German businesses worldwide.