

## CBAM: New threshold, debunking myths, and push for quicker fixes

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The European Parliament has approved key CBAM simplifications, including a new annual threshold; however, industry groups warn that significant challenges remain for the steel and other sectors.



### New threshold

On May 23, the European Parliament adopted the CBAM Omnibus Regulation, which introduces a 50-tonne annual import threshold to replace the previous EUR 150 per shipment rule. Imports below that threshold are exempt from CBAM obligations. This change is expected to ease reporting requirements for around 90% of importers while still covering 99% of total embedded emissions. However, the exemption does not lift the burden on steel importers, whose volumes typically exceed the new limit.

Broader changes, such as export rebates and anti-circumvention rules, have been separated for future legislation. The final step is formal endorsement by the Council of Europe.

To function effectively, the European Commission has been repeatedly urged to accelerate efforts to address key shortcomings in the mechanism, which pose substantial risks to affected industries. Among the most pressing concerns are the release of at least preliminary benchmark and default values, the planned expansion to downstream products, the issue of export competitiveness, and the legislative framework for emissions verification.

Additionally, many market participants still need time to comprehend how the mechanism will work, and clear up misunderstandings surrounding it. This and other topics were recently discussed at the webinar co-hosted by the European Association of Independent Stainless Steel and Aluminium Importers and Distributors (EURANIMI) a CBAM-compliance specialist Dubrink.

### Clarifying misconceptions around CBAM

While the European Commission's proposal offers reporting simplifications, it does not delay or cancel CBAM, as some market participants have mistakenly assumed. CBAM continues to evolve and is set to enter its definitive phase on January 1, 2026.

One of the major concern is the widespread underestimation of CBAM's financial impact. According to EURANIMI, the market remains largely unaware of the true cost implications. EURANIMI warned that many stakeholders mistakenly believe only 2.5% of the CBAM charge will apply in 2026, which is absolutely not the case.

*"From our perspective, the biggest current risk is that many downstream clients still underestimate the financial impact of CBAM, and may refuse to accept the cost increases it will generate, potentially leaving importers to absorb the cost alone,"* EURANIMI stated.

In reality, actual calculation mechanism for the CBAM levy in 2026 involves directly comparing the embedded emissions of imported goods with the relevant CBAM benchmark, multiplying the difference by the CBAM factor (97.5% in 2026), and then multiplying by the EU Emission Trading Scheme (EU ETS) price.

According to preliminary estimates, for certain products, the additional cost could reach as high as EUR 200 per tonne. *"For*

*some product categories such as cold-rolled stainless steel, where several Asian producers report direct emissions exceeding 4 tonnes of CO<sub>2</sub> per tonne, the resulting CBAM charge could exceed EUR 200 per tonne as early as 2026, given that best-in-class EU producers emit just around 1 tonne of CO<sub>2</sub> per tonne of product," EURANIMI states.*

Using the CBAM calculator developed by SMR with set by the EU Commission's default value of 2.21 tonnes CO<sub>2</sub>/tonne for cold-rolled flat products, along with the current EU ETS price of EUR 70/tonne and estimated benchmark, the CBAM cost in 2026 would be approximately EUR 50/t. If embedded emissions are twice the benchmark level, as is the case with some suppliers, the cost could easily reach EUR 200 per tonne, as estimated by EURANIMI.

*"Sudden and unexpected increases of this magnitude are particularly damaging in commodity-based markets such as stainless steel and aluminium. They are rarely passed on without disruption, especially not by SMEs, which operate with tight margins and little negotiating power. The consequences for the EU's manufacturing sector could be serious."*

Another source of confusion for market participants is the timeline for financial obligations. Although CBAM certificate sales will begin on February 1, 2027, importers must still pay for all embedded emissions of goods imported in 2026. The deadline for this payment is August 2027.

Furthermore, to continue importing CBAM-covered goods into the EU in 2026, importers must obtain authorization from CBAM authorities in the country where they are registered. This process can take up to 120 days, meaning that to bring goods into the EU in January 2026, applications must be submitted no later than September 2025. It is recommended to apply as soon as possible after June 15, as applications submitted before that date may take up to 180 days to process.

#### Industry groups push for quicker CBAM fixes

EURANIMI and other market participants continue sounding the alarm about the delayed publication of the final benchmark and default values, now expected only by the end of 2025 instead of the originally planned Q2. This compressed timeline may leave companies with little time to prepare. In addition, the process for verifying emissions data may not be finalized until 2027, due to delays in accreditation.

To mitigate these issues, EURANIMI has urged the European Commission to release simplified temporary benchmark and default values by June 2025 to support business planning, and to adjust these values to ease the initial impact.

Calls are growing to extend CBAM to downstream steel products. Without expansion, the risk of carbon leakage remains high, as users may increasingly turn to finished imports to bypass CBAM costs.

Additionally, EUROFER, among numerous other issues, is requesting a more tailored approach to stainless steel emissions, urging the Commission to set default values based on the most commonly used grade 304 rather than as an average across all stainless steel grades.

The association also calls for the inclusion of indirect emissions from ferroalloys and proposes introducing a melt-and-pour rule to identify the origin of imported goods. However, according to market participants, these requests are unlikely to be considered in the near term, as they would add unnecessary complexity to the CBAM framework.