

# **Carbon Border Adjustment Mechanism (CBAM)**

## **I. Brief description**

The Carbon Border Adjustment Mechanism is a carbon tariff on carbon-intensive products, such as steel, aluminum, iron and fertilizers, imported to the European Union ('EU').

**Therefore, this obligation is relevant if you import goods to the EU (e.g. moving goods from outside of the EU to a location within to the EU).**

The CBAM obligation is being phased in gradually. Currently in the "transitional period" (from 1 October 2023 to 31 December 2025) no payment obligation should arise but importers are obliged to submit a specific report on their imports of products.

In the future, from the "definitive period" (from 1 January 2026), only authorized CBAM declarants will be able to import CBAM relevant goods, and importers will have to buy CBAM certificates.

## **II. Transactions subject to the obligation**

In general, the import of CBAM relevant goods from non-EU countries will be covered. The following goods and precursors are subject to the regulation:

- cement;
- iron and steel;
- aluminum;
- fertilisers;
- electricity;
- hydrogen.

## **III. Rates**

The price of CBAM certificates will be calculated as the average of the closing prices of the EU Emissions Trading System market price for each calendar week, expressed in € / ton of CO<sub>2</sub> emitted.

## **IV. Calculation rules for payment obligation and payment details**

The calculation rules are specific to the type of goods and the supply chain related to the production of the goods.

The carbon price that has been paid outside of the EU can be deducted from the CBAM obligation.

## **V. Reporting obligation and submission details**

Reporting declarants must contact the National Climate Protection Authority In Hungary for registration and quarterly reports should be submitted on the EU CBAM Trader Portal no later than the end of the month following the quarterly period.

*Please note that the above summary is of general nature and serves for information purposes only. It only highlights some of the relevant rules and thus it cannot be regarded as comprehensive or advice/recommendation for specific payment calculation. Sellers remain responsible for their obligations to any authorities or organizations.*