Proposal for a
REGULATION OF
THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL
amending Regulation
(EU) 2023/956 as regards

SIMPLIFYING AND STRENGTHENING THE CARBON BORDER ADJUSTMENT MECHANISM

climate action AUTHORITY

CONTENTS

General Background

The Carbon Border adjustment mechanism came into force in 2023 and applies to the importation of certain goods from non-EU countries:

- Cement
- Fertilizers
- Iron and steel
- Aluminium
- Electricity
- Hydrogen

The EU objective of this regulation is to mitigate the carbon leakage of the EU production of the same products due to the emissions trading scheme. This mechanism creates a common, uniform, EU framework that ensures that carbon pricing policy applied on imports of the covered goods is equivalent to carbon pricing applicable in the Union's internal market. Following the transitional phase in 2025, a definitive phase started as of 1st January 2026, whereby only authorised declarants (importers of relevant goods that have been issued a formal authorisation by the respective Member States' competent authorities) would be allowed to import those goods, and for which, importers would also be required to purchase CBAM certficates and surrender sufficient certificates to account for embedded emissions relating to the imported goods.

Commission proposal to amend the CBAM Regulation to simplify and strengthen the CBAM rules

In the context of the Mario Draghi report (The future of European Competitiveness) in which the need to facilitate competitiveness and resilience of the Union's economy was emphasized, the European Commission has proposed and adopted amendments to the CBAM. This simplifcation adopted in 2025 included simplified rules by increasing the threshold of the scope thereby reducing the number of importers eligible for CBAM.

Salient Points of the Commission proposal

The Commission proposal includes a wide range of changes, which facilitate implementation both for national competent authorities and for authorised declarants.

The key simplification amendment is the introduction of a mass-based threshold, instead of a threshold based on monetary value of consignments, which will exempt a large number of importers from CBAM obligations. The mass-based threshold is a rules-based one, with a formula inscribed in the amended Regulation to quantify the threshold – the threshold shall ensure that, EU-wide, at least 99% of emissions embedded in all relevant goods (other than electricity and hydrogen, for which a threshold is not set, due to the nature of these goods) imported into the EU are within scope of the CBAM. The threshold is initially set at 50 tonnes of imported goods per year but can be adapted to reflect changes in import patterns, including by way of reacting to widespread attempts to circumvent rules.

Table 1. Distribution of exempted importers and emissions for different annual mass-thresholds in tonnes[19]

Current rules

CION proposal

Annual thresholds in tonnes	Percentage of importers exempted	Percentage of emissions from exempted importers	Estimated remaining number of importers	Percentage of emissions from remaining importers
0	0%	0%	200,000	100%
10	83%	0.19%	34,000	99.81%
30	89%	0.49%	22,000	99.51%
50	91%	0.73%	18,000	99.27%
70	92%	0.94%	16,000	99.06%
150	94.5%	1.62%	11,000	98.38%
250	96%	2.30%	8,000	97.70%
500	97%	3.57%	6,000	96.43%

Source: Commission's analysis based on Surveillance data.

Figure 1: *Summary of the potential impact of different mass-based thresholds on the number of importers exempted and the share of embedded emissions that would remain within scope (after Commission Staff Working Document SWD(2025) 58 final).*

Figure 1 summarizes the key impacts of different mass-based thresholds considered prior to the adoption of its proposal. Based solely on data of 2024 imports, the 50 tonnes threshold would exempt 91% of importers originally within scope (leaving around 18 000 importers from the original 200 000 covered under the current rules), whilst retaining coverage of embedded emissions at more than 99%. This is deemed as an appropriate balance between reducing the number of importers that would continue to be covered by the mechanism and maintaining the environmental effectiveness of the mechanism.

Impact for Malta

Based on an assessment of 2024 imports data, major benefits for Malta arise from the proposed 50-tonne mass-based threshold. Based on local imports data (for 2024), the implementation of such a threshold is estimated to exempt approximately 95% of Maltese importers of covered goods, while more than 96% of embedded emissions from the goods imported into Malta remain within scope (Figure 2). The number of importers that would still be subject to CBAM obligations with the proposed threshold would be between 80 to 90[1], a significant reduction from the more than 1,100 importers is estimated to be covered under the original rules.

Annual thresholds in tonnes	Percentage of importers exempted	Percentage of emissions from exempted importers	Estimated remaining number of importers	Percentage of emissions from remaining importers
0	0%	0%	1118	100%
50	95.2%	3.7%	54	96.3%

Source: CAA's analysis based on 2024 Customs imports data

Figure 2: *Impact of the 50-tonne mass-based threshold, on the number of importers that may remain in scope and relevant embedded emissions, for Malta.*

The implementation of the mass-based threshold would have two main practical benefits for Malta:

- the exclusion of a large share of importers would reduce the administrative burden, allowing it to focus on those importers whose imports are associated with the largest cumulative share of embedded emissions;
- many small importers, including, among others, individual natural person importers, would be exempted from what can be a relatively complex system to implement, especially when it comes to the sourcing of actual emissions data from third country suppliers and manufacturers. For these importers, implementation and compliance costs are therefore removed.

[1] The numbers quoted here remain approximate and are dependent on factors such as import patterns. The level of the impact may also change if during the negotiations, any changes are made to key simplification.

CAA Position on the CBAM SIMPLIFICATION

The Climate Action Authority (CAA) is the national competent authority for the administration of the CBAM in Malta, working closely with the Maltese Customs, who have a crucial role in the control of importation of relevant goods.

Malta doesn't produce domestically the products falling within scope of CBAM but is impacted with this mechanism as Malta is largely dependent on imports for the generation of economic value added. More than half of the importers falling within scope relate to iron & steel, followed by aluminium (30% of importers falling within scope). These are products relevant to the construction and manfucaturing industry in Malta.

Moreover, 35% of the importers falling within scope import between 50 to 100 tonnes of the prodcuts, relatively close to the threshold. This explains the evident majority share of impoerters being micro and SMEs.

The CAA welcomes the simplification of CBAM. Whilst maintaining the overall environmental effectiveness at EU level and ambition of the mechanism in the EU, the simplified approach alleviate partially the costs of CBAM at national level.

Acknowledging the disproportionate burden of the administrative costs related to CBAM on Maltese importers, CAA is supporting and assisting such importers at no additional cost and is committed to continue to procude such technical assestance to the highest quality standard possible.

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