



Regulatory News Alerts & Updates

Regulatory Alert: European Union (EU) Carbon Border Adjustment Mechanism (CBAM)

January 19, 2026

Background

In 2023, the European Union (EU) introduced a Carbon Border Adjustment Mechanism (CBAM), a tool to put a price on carbon emitted during the production of carbon-intensive goods that are entering, being imported into the EU.

This is part of the EU objective to reduce greenhouse gas (GHG) emissions by at least 55% by 2030 (compared to 1990 emission levels).

CBAM aims to ensure the carbon price of imports of certain goods into the EU is equivalent to the carbon price of EU domestic production. As a result, importers of the goods in scope (see below) have to comply with specific obligations, including the reporting of information about the emissions embedded in the transported goods, and at a certain stage, the purchasing of certificates to account for these emissions.

The mechanism will initially apply only to imports of a selected number of goods and selected precursors including:

- iron
- steel
- cement
- fertilizers
- aluminum
- hydrogen
- electricity generation

See the references section below for the list of regulations and guidance documents.

What are the timelines?

On May 10, 2023, the European Parliament and the Council of the European Union adopted the final CBAM Regulation, which is being implemented in two phases:

Transitional period (2023-2025)

The CBAM obligations entered into force with a transitional phase that ran from October 1, 2023, until December 31, 2025, during which the affected importers were required to quarterly report the emissions embedded in the goods imported over that period and any third-country carbon price effectively paid, if any.

Definitive phase (as of 2026)

From 2026, the definitive period of the CBAM applies. That means that from January 1, 2026:

- EU importers or their indirect customs representatives importing more than the single mass-based threshold of 50 tons of CBAM goods into the EU will have to apply for the status of authorized CBAM declarants.
- They will buy CBAM certificates from the national authorities in their country of establishment. The price of the certificates will be calculated based on auction price of EU ETS allowances expressed in €/ton of CO₂ emitted, as a quarterly average in 2026 and as a weekly average from 2027 onwards.
- EU importers will declare the emissions embedded in their imports and surrender the corresponding number of certificates each year.
- EU importers who can prove that a carbon price has already been paid during the production of the imported goods, can deduct the corresponding amount from their CBAM certificate.

How will CBAM work in practice?

- The EU importers or their representatives will have to register with national authorities, from whom they will be able to purchase the CBAM certificates.
- EU importers will purchase carbon certificates equivalent to the carbon price that would have been paid if the products were manufactured in accordance with the EU carbon pricing regulations, however if a non- EU producer can prove that they have already paid a price for the carbon used in the production of the imported goods in the country of manufacture, the EU importer can deduct the corresponding cost in full.
- Importers of CBAM goods will be required to declare as of 2027 the quantity of goods and emissions incorporated in them into the EU in the previous year.
- EU importers will have to surrender the CBAM certificates they purchased in advance.

How will FedEx clear your CBAM goods?

If FedEx is acting as customs representative in direct mode:

Content intended for FedEx customers only

- If the importer has a CBAM account number, they must refer to the “CBAM – Account Number Submission Form” page on fedex.com:
<https://www.fedex.com/en-gb/shipping/cbam-account-number-submission.html>
- If the importer does not communicate their CBAM account, FedEx will consider they are not reaching the annual single mass-based 50 tons threshold and will clear the shipments based on that assumption, applying the customs rules linked to it.

If FedEx is acting as customs representative in indirect representation mode, there are two possible options:

If the importer is an EU-established company:

- FedEx will not act as a CBAM declarant for the CBAM import goods.
- If the importer has a CBAM account number, they must refer to the “CBAM – Account Number Submission Form” page on fedex.com:
<https://www.fedex.com/en-gb/shipping/cbam-account-number-submission.html>
- If the importer does not communicate their CBAM account, FedEx will consider they are not reaching the annual single mass-based 50 tons threshold and will clear the shipments based on that assumption, applying the customs rules linked to it.

Non-EU established company:

- FedEx will not act as a CBAM declarant for non-EU established companies.
- Non-EU established companies will have to choose a third party broker for the clearance of their goods.

Timeline for implementation: Ongoing

References:

EU Commission- CBAM

https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

Regulation (EU) 2023/956 of the European Parliament and of the COUNCIL of 10 May 2023 establishing a carbon border adjustment mechanism, as amended:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02023R0956-20251020>

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R0956>

List of products involved can be found in annex 1 from the above regulation.

List of countries and territories outside of scope of this regulation can be found in annex 3 of the above regulation.