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# Carbon Border Adjustment Mechanism (CBAM)

**Guidance**

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# Carbon Border Adjustment Mechanism (CBAM)

The **Carbon Border Adjustment Mechanism** is the EU's tool to put a fair price on carbon emitted during the production of carbon-intensive goods entering the EU to encourage cleaner industrial production in non-EU countries.

## Status

[Regulation 2023/956](#) was published in the EU Official Journal on 6 March 2024 and entered into force on 26 March 2024. On 26 February 2025 the Commission adopted the first “Simplification Omnibus Package”, including a Proposal for a Regulation to amend CBAM with simplification measures, with the aim to enhance CBAM's effectiveness in preventing carbon leakage while minimizing impact on small importers and exporters. The European Parliament and Council reached a political agreement on 19 June 2025, and the final amendments were adopted as [Regulation \(EU\) 2025/2083](#), published on 17 October 2025. The changes started applying in January 2026.

## Objective

The main objective of the CBAM Regulation is to support the EU's emissions reduction targets by ensuring that the embedded emissions of imported goods are fairly accounted for and treated on an equal footing with those produced within the EU (already subject to Emissions Trading System (ETS)).

Carbon Leakage describes the process of moving carbon emissions that are linked to emission-intensive industries into countries with less stringent climate policies than the EU, in response to the EU's carbon policy. Therefore, the goal of CBAM is to put a price on carbon intensive products that enter the European market – comparable to the price already paid by EU-native products through the Emissions Trading System (ETS). The EU is monitoring the CBAM-related imports and may extend the CBAM scope to downstream products to prevent business exodus.

## Scope

For now, the Regulation applies to the imports of selected HS codes in the categories of cement, iron and steel, aluminium, fertilisers, electricity, and hydrogen, as listed in Annex I to the CBAM Regulation. The Regulation applies specifically to importers or to actors on whose behalf the goods are imported to the EU. Special rules apply to imports for inward processing procedure.

In the original Regulation a *de minimis* limit of €150 per consignment was set. This meant that if the overall value of the total CBAM goods in one consignment did not exceed € 150, the *de minimis* exemption applied and there was no reporting obligation. With the Omnibus I, now in force, the *de minimis* exemption has been altered and as stated in Article 2a, an importer shall be exempted from the obligations under the Regulation, where the net mass of all the CBAM relevant imported goods in a given calendar year does not cumulatively exceed the mass-based threshold of 50 tonnes of net mass. This new derogation reduces the CBAM scope by about 90 %, while still covering approximately 99% of important emissions from the goods in scope. The Commission will review the threshold every

year, with the goal to cover  $\geq 99\%$  of the emissions in scope (Art. 2(3)).

Importers expecting to exceed the Single Mass-Based Threshold must obtain the authorized CBAM declarant status before the threshold is exceeded. Failure to obtain authorization before exceeding the threshold may trigger stop of subsequent imports and penalties.

Example: if an importer imports 20 tonnes of CBAM-relevant aluminium goods and 35 tonnes of CBAM-relevant iron/steel goods and 0.5 tonnes of CBAM-relevant natural rubber-based goods in the same year, the total is 55.5 tonnes and puts the importer over the Single Mass-Based Threshold.

## Why it matters to your company

CBAM covers several materials that are relevant for lighting products such as iron, steel, or aluminium (but only for imported parts with HS codes, as defined in CBAM Annex I).

CBAM's initial objective of tackling "imported" emissions is meant to contribute to a more level playing field for European manufacturers of the specific basic materials it covers (like steel, aluminium, cement, etc.). In this sense, CBAM is meant as a "counterweight" to the EU Emissions Trading System (EU ETS) and thus to create more competitive conditions for EU manufacturers of goods in scope of the legislation.

In its definitive phase starting 2026, CBAM may however impact the cost of importing these materials or parts into the European market which subsequently could raise the prices for European manufacturers of downstream products. The current scope of CBAM (covering mostly intermediate products) is being reviewed and possibly extended. The Proposal to extend its scope to certain downstream goods (incl. components) was published by the Commission in December 2025 (see Section *Possible Future Developments* below).

## Summary of the main relevant requirements for importers exceeding the single mass-based threshold

The main requirements only apply to importers importing per year above the single mass-based threshold of 50 tonnes of net mass, as described above.

**Application for Authorisation (Art. 5):** Goods shall be imported into the customs territory of the Union by an authorised CBAM declarant and any importer established in a Member state shall prior to importing goods into the customs territory of the Union apply for the status of authorised CBAM declarant. The application for an authorisation shall be submitted via the CBAM registry.

**CBAM Declaration (Art.6):** By 30 September of each year, and for the first time in 2027 for the year 2026, each authorised CBAM declarant shall use the CBAM registry referred to in Article 14 to submit a CBAM declaration for the preceding calendar year. The declaration shall contain the total quantity of each type of CBAM-relevant good imported, including the imported goods below the single mass-

based threshold, the total embedded emissions in those goods (calculated using the CBAM-specific methodology, including - where actual data is not available – EU-defined defaults and rules for taking free allocation into account), and the total number of CBAM certificates to be surrendered. In the context of CBAM “surrender” is understood offsetting of CBAM certificates against the declared embedded emissions in imported goods. Carbon price already paid in the country of origin can be subtracted.

**Sale of CBAM certificates (Art.20):** The European Commission establishes a common central platform to coordinate the sale of CBAM certificates to CBAM declarants. From 1 February 2027, a Member State shall sell CBAM certificates on this platform to authorised CBAM declarants established in that Member State.

**Price of CBAM certificates (Art.21):** The price of a CBAM certificate shall be calculated from the average price of EU ETS allowances for each calendar week. For those calendar weeks in which no auctions are scheduled on the auction platform, the price of CBAM certificates shall be the average of the closing prices of EU ETS allowances of the last week in which auctions on the auction platform took place.

**Surrender of CBAM certificates (Art.22):** By 30 September of each year, and for the first time in 2027 for the year 2026, the authorised CBAM declarant shall surrender via the CBAM registry a number of CBAM certificates that corresponds to the embedded emissions associated with the Covered Goods imported in the previous calendar year. From 2027, the authorised CBAM declarant shall ensure that the number of CBAM certificates on its account in the CBAM registry at the end of each quarter corresponds to at least 50 % of the embedded emissions in all goods it has imported since the beginning of the calendar year (The amount was reduced from 80% to 50% by the Omnibus). This must be determined by reference to either default values (as explained in Annex IV (4)) or the number of CBAM certificates surrendered for the calendar year preceding the year of the surrender, meaning the actual verified emissions.

**Timeline:** CBAM applies in its definitive regime from 2026. Following a transitional period applicable since October 2023, the next phase of the CBAM started in January 2026, with a gradual phasing in of carbon pricing on imported embedded emissions. Importers of CBAM goods (or their indirect customs representatives) are urged to [apply for the status of authorised CBAM declarants](#). A dedicated section of the CBAM Registry allows importers and indirect customs representatives to apply for the status of authorised CBAM declarant in the Member State of establishment, which is independent from where the goods are imported to. A list of the national competent authorities can be found on this [website](#) in the section “List of National Competent Authorities for CBAM”, responsible for reviewing the application and granting the authorised CBAM declarant status. More information on the Registry and Reporting can be found here: [CBAM Registry and Reporting](#)

## Summary of the main relevant requirements for importers NOT exceeding the single mass-based threshold

The requirements listed in this section apply to importers importing per year CBAM-relevant goods of total net mass below the single mass-based threshold of 50 tonnes, as described above.

**Customs declarations (Art. 2a):** An importer not exceeding the single mass-based threshold, even if they are an authorised CBAM declarant, shall declare the de minimis exemption in the relevant customs declaration. The importer is, however, exempt from CBAM obligations.

**Enforcement of the single mass-based threshold (Art. 25a):** the authorities, incl. the European Commission, will monitor the amount of imports, and specifically also track the importers exceeding 90% of the Single Mass-Based Threshold.

**LightingEurope’s recommendation:** based on the transitional phase reporting, the importers should be aware of their annual CBAM -relevant import total. Companies that were close to the single mass-based threshold in the past and expect to keep similar import profile should consider monitoring the in-scope imports, to be able to act on time on the obligation, if the threshold shall be reached.

## Possible Future Developments

On **17 December 2025** the European Commission published a [Proposal](#) concerning the **extension of the Regulation’s scope to downstream goods and anti-circumvention measures**.

**Why tackle downstream goods:** The CBAM currently applies to a limited set of basic material goods, listed in Annex I of the CBAM Regulation (selected HS codes for aluminium, cement, electricity, fertilisers, hydrogen, and iron and steel). These basic materials are often used as intermediate inputs in the production of goods further down the value chain (downstream products). EU producers of these downstream products are faced with a dual cost-push, which risks incentivising relocation, which could lead the EU “exporting” its emissions abroad, nullifying the effectiveness of EU climate policy. First, the EU’s increased climate ambition and the progressive phase-out of free allowances under the EU ETS is expected to increase the cost of domestically sourced basic materials. Second, the progressive phase-in of CBAM is expected to increase the cost of imported basic materials within its scope. As a result of this dual cost-push, there is an increasing gap between the total carbon costs faced by domestic downstream producers and the carbon costs faced by third country producers. This results in a significant risk of carbon leakage for certain downstream products. Acknowledging this risk, Article 30(3) of the CBAM Regulation requires the Commission to identify downstream products at risk of carbon leakage for possible inclusion in the scope of CBAM.

The Proposal aims to extend the scope of CBAM to selected steel and aluminium-intensive downstream products. The list of concerned products can be found in the Annex of the Proposal. It does not include finished lighting products, but some lighting-relevant components including transformers and inductors.

**Anti-circumvention measures:** The European Steel and Metals Action Plan also stressed the importance of addressing the risk of circumvention and avoidance of the CBAM, which could undermine the CBAM's effectiveness in preventing the risk of carbon leakage. The current CBAM enforcement framework already provides several anti-circumvention safeguards, including to address risks of misclassification and under-declaration of goods. However, during the transitional period, various stakeholders (including national competent authorities, customs authorities, business associations, as well as individual companies) have raised concerns that the CBAM Regulation contains insufficient safeguards against the risk of misdeclaration of emission intensities and the risk of abusive practices. The Commission's Proposal contains provisions aimed at addressing these risks.

**Next steps:** The proposal is currently under the Ordinary Legislative Procedure. Once the European Parliament and the Council have adopted their positions in the next months, they will be ready to enter interinstitutional negotiations. Final adoption can be expected by the end of 2026 (tbc).

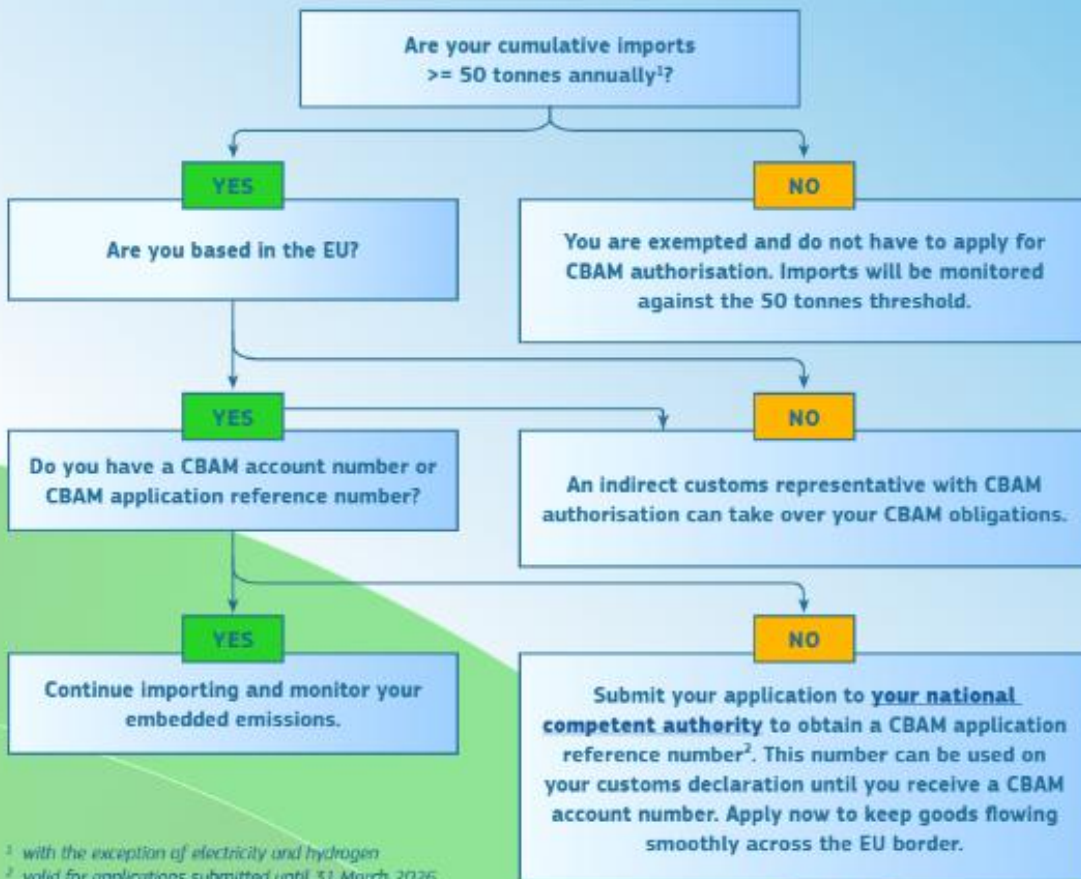
# Annex



#CBAM

## CARBON BORDER ADJUSTMENT MECHANISM

Do you import any of these products into the EU?



<sup>1</sup> with the exception of electricity and hydrogen  
<sup>2</sup> valid for applications submitted until 31 March 2026

### Reminder: What is CBAM?

The Carbon Border Adjustment Mechanism (CBAM) is the EU's tool to put a fair price on carbon emitted during the production of carbon-intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries. [Find out more.](#)

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EU importers or their indirect customs representatives importing more than the single mass-based threshold of 50 tonnes 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 €/tonne of CO<sub>2</sub> 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.



If importers can prove that a **carbon price has already been paid** during the production of the imported goods, the corresponding amount **can be deducted**.

For more information: [Carbon Border Adjustment Mechanism - Taxation and Customs Union](#)