

Carbon Border Adjustment Mechanism

Recommendations on the Simplification Proposal



March 2025
Registration number in the
register of representative
bodies: 976536291-45

VDMA supports the intention of the European Commission to simplify the Regulation on the Carbon Border Adjustment Mechanism (CBAM). The current implementation of the reporting has placed a significant administrative burden on EU importers, making compliance overly complex. A more streamlined and effective legislative framework is essential to ensure the mechanism achieves its intended goals without unnecessary bureaucratic hurdles.

VDMA welcomes the opportunity to contribute recommendations for amendments to the CBAM simplification proposal, while calling the co-legislators to take timely and decisive steps aiming at providing a more practical and business-friendly framework well before the full implementation period comes into force on 1 January 2026.

- **New *de minimis* criterion**

Mass-based approach provides predictability for EU importers

- Adopting a yearly mass-based approach under the *de minimis* criterion provides a practical alternative for EU companies as mass-based data is already available to customs authorities and companies alike. This will reduce some of the bureaucratic burden for reporting companies. However, a solution could be found under the proposed threshold to exclude very small imports for companies that fall within the scope (such as an import of less than 1KG of screws), which are currently excluded under the 150 Euros threshold per import.
- VDMA is against a CO2-based threshold as though it would require companies to first fulfill all reporting obligations, in order to determine whether they need to report. Hence it would increase the bureaucratic burden and reduce feasibility. Without a clear and predictable metric system, companies would face uncertainty about whether they need to obtain emissions data at the time of the import, contradicting the simplification efforts under the Omnibus package.

Planning for future business costs

- Businesses need to plan ahead for foreseeable costs. Many machinery and plant companies fall just above or just below the 50tonnes limit. Many companies may only know at the end of the calendar year whether they fall within the CBAM scope leaving them uncertain about their compliance obligations and unable to plan ahead financially. This unpredictability also complicates supplier relationships, as companies would have to retroactively gather emissions data and secure authorization as CBAM declarants, adding further complexity and administrative strain.
- In case of a scope extension to downstream products, a phase-in period of 2-3 years would be essential, in order to give companies time to prepare for the changes and to include the higher production cost predictions caused by CBAM in contracts with

customers. The de minimis threshold should also be raised to ensure the relief from reporting obligations applies to importers of complex goods.

- **Authorization as CBAM declarant**

A swift implementation of the authorization of CBAM declarants by National Competent Authorities in line with the timelines set in the implementing act is needed to help companies plan imports effectively. EU importers that expect to meet the new 50tonnes limit must obtain a CBAM declarant authorization to continue importing CBAM goods. However, delays in national authorities' processing – many of whom are struggling with CBAM implementation – must not lead to unjustified penalties or even import blockages. A similar risk applies to EU importers who determine only at the end of the calendar year that they have exceeded the threshold. Hence, VDMA strongly advocates quick action by National Competent Authorities that support, rather than penalize EU importers in cases of undue authorization delays.

- **Use of default values**

VDMA welcomes the Commission's intention to allow the use of default values for emissions calculations. VDMA favors a methodology which ensures that the new default values reflect real emission levels with the aim of facilitating reporting and not punishing EU companies who are unable to obtain real emissions data. Otherwise, companies will have to report artificially higher emissions levels and pay for more certificates than necessary, financially penalizing EU companies for the non-compliance of third country companies. A timely adoption of the default values preferably in Q3 2025 at the latest is an absolute necessity for EU importers to factor in CBAM certificate costs into their business plans.

- **Decision on scope extension must wait until CBAM comprehensive review planned for late-2025**

In the European Steel and Metals Action Plan, the Commission announced already its decision to extend the CBAM scope to downstream goods with a legislative proposal in late 2025 before presenting the long-awaited comprehensive CBAM review. VDMA regrets seeing this decision which neglects the competitiveness of exporting industries, like the machinery and plant manufacturing industry. They will bear a higher cost burden due to the higher import costs making their products less competitive on the global market while increasing the risk of carbon leakage. Prior to extending the CBAM scope to downstream products, VDMA calls the EU institutions to provide concrete solutions for export-oriented industries, while looking at the complexity of obtaining emissions for more complex products down the value chain. Should the EU extend the CBAM scope, a phase-in period is important for EU companies to prepare and plan the reporting of emissions with their suppliers. Rushing implementation without proper preparation could disrupt supply chains and hinder the competitiveness of European industries.