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ELECTRICAL & ELECTRONICS

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CBAM Watch: EU Tightens Net on Carbon Imports



The European Union's Carbon Border Adjustment Mechanism (CBAM) has officially transitioned from a preliminary framework into a pivotal compliance reality. Designed to prevent "carbon leakage"—where emissions-intensive manufacturing moves outside the EU to circumvent climate policies—CBAM levels the playing field by requiring importers to pay for embedded carbon at EU Emissions Trading System (ETS) prices.

However, early implementation highlighted key vulnerabilities: risk of evasion through minor product tweaks, competitive pressure on downstream EU manufacturers facing higher raw material costs, and circumvention via complex trade routes. In response, EU policymakers are dramatically tightening rules to safeguard both climate goals and industrial competitiveness.

Key Legislative Updates: What's New in the Expansion

- **Expanded Downstream Scope:** Moving far beyond basic raw commodities (iron, steel, aluminium, cement, fertilizers, electricity, and hydrogen), the European Parliament voted to extend CBAM coverage to over 450 downstream products. Broadening the Commission's initial 180-item proposal, the list now includes finished goods such as Kitchenware, Furniture, Nails and Pins made of steel/aluminium, Laundry machines and others combined metal goods such as motors, winding wire and conductors.
- **Pre-Consumer Scrap Added to Anti-Circumvention Framework:** Parliament proposed specific rules for "pre-consumer aluminium scrap" and treat it as a CBAM Precursor, so that emissions can be attributed to scrap used in production. This is intended to reduce the risk that scrap is used to artificially lower reported emissions and CBAM financial liability.
- **Resource Shuffling Addressed as a Circumvention Risk:** The proposal introduces the concept of "resource shuffling" and sets out criteria for identifying goods and origins at high risk of abusive practices. This measure aims to address circumvention risks across CBAM goods and support more consistent application of the mechanism.
- **Updated Electricity Emissions Methodology:** The proposal revises the technical rules for determining embedded emissions from imported electricity, with the objective of encouraging the decarbonization of electricity imports into the EU. The updated methodology seeks to better reflect decarbonization trends in exporting countries and encourage cleaner electricity imports into the EU.

How SGS Supports Your CBAM Compliance Journey

Navigating these regulatory shifts requires precise data management, accurate emissions reporting, and reliable third-party verification across complex supply chains. SGS offers end-to-end solutions for EU importers and global exporters:

1. **CBAM Verification Services:** Providing independent verification of CBAM Emissions Reports (ERs), including the assessment of embedded emissions, data quality, monitoring methodologies, and compliance with EU CBAM requirements.
2. **CBAM Pre-verification Services:** Conducting readiness assessments and pre-verification reviews to identify data gaps, calculation issues, and compliance risks before official CBAM verification, helping organizations improve reporting accuracy and verification preparedness.
3. **CBAM Training Workshops:** Delivering CBAM awareness and technical training programs covering regulatory requirements, emissions calculation methodologies, and reporting obligations, to build internal capability to manage CBAM calculations and reporting requirements.

In October 2026, SGS achieved [ACCREDIA](#) accreditation for Carbon Border Adjustment Mechanism (CBAM) verification. This designation empowers SGS to deliver independent, third-party verification of embedded greenhouse gas emissions across all primary CBAM product categories—including cement, iron and steel, aluminium, fertilizers, electricity, and hydrogen. By validating actual installation emissions against default benchmarks, SGS enables non-EU exporters to substantiate superior carbon performance while helping EU importers optimize CBAM certificate liabilities and lower financial exposure.

To learn more about our CBAM services & accreditation, feel free to connect with us!

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