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As of 1 January 2026, a New Period for Exporters: CBAM (SKDM) Updated Through the Omnibus

In recent years, the European Union's climate policies have evolved beyond the boundaries of environmental legislation and become an integral component of trade and industrial policy. One of the most tangible instruments of this transformation is the Carbon Border Adjustment Mechanism (CBAM), which was initially designed as a climate policy tool aimed at limiting the risk of carbon leakage and has, over time, evolved into a structural regulation directly affecting the European Union's external trade.

The technical and administrative functioning of CBAM was tested during the transitional period from 1 October 2023 to 31 December 2025. Based on the implementation experience gained during this phase, the European Commission updated the CBAM framework within the scope of the Omnibus I-II simplification packages during 2025. These amendments were published in the Official Journal of the European Union on 17 October 2025, thereby clarifying the final framework for the mechanism's full implementation.

With the transition to the application period in which financial obligations began to be calculated as of 1 January 2026, CBAM has moved beyond being a compliance mechanism based solely on reporting and has become an integrated part of import procedures with direct financial consequences. For exporters operating in Türkiye, this new phase entails multidimensional implications that directly affect industrial trade with the European Union,

Türkiye's largest export market, extending from production processes and data management to competitive strategies and corporate compliance.

This study analyses the new phase introduced by CBAM as of 1 January 2026, examining the updated institutional and technical mechanisms under the Omnibus regulations as well as the medium-term perspective for scope expansion, with a particular focus on the implications for exporters in Türkiye.

Background

The Carbon Border Adjustment Mechanism (CBAM) was developed in response to the increasingly apparent structural mismatch between the European Union's climate policy implementation and the structure of international trade. While the EU subjects its own industrial installations to market-based carbon pricing under the Emissions Trading System (ETS), carbon-intensive products imported from third countries have not been subject to an equivalent financial burden. This asymmetry has created a carbon leakage dynamic that weakens the competitiveness of EU-based producers and increases the risk of production shifting to third countries. Such a structure has both limited the effectiveness of the EU's emission reduction targets and intensified the need for complementary policy instruments to safeguard competitive conditions within the EU.

Against this background, the core logic of CBAM is based on establishing financial equivalence between the carbon costs incurred under the EU ETS and the embedded emissions generated during the production of imported goods. Through this mechanism, the EU aims to prevent production from relocating to countries with more lenient climate policies and to support emissions reduction on a global scale. In this respect, CBAM has been positioned as a structural policy instrument within the "Fit for 55" package, which sets out the EU's 2030 climate targets and extends carbon pricing beyond the Union's borders.

Within this strategic framework, the transitional period that began on 1 October 2023 was designed as a preparatory phase focused on testing the practical implementation of CBAM rather than its underlying rationale. During this period, importers were required only to report emissions, with no financial obligations imposed, allowing the technical functioning of the system, data quality, and administrative capacity to be assessed.

The experience gained during the transitional phase highlighted significant challenges related to the consistency of data obtained from production facilities, the limitations on the use of default emission values, and the integration between customs authorities and environmental reporting systems. In light of these findings, the European Commission concluded that CBAM needed to be strengthened not only in terms of its environmental objectives but also with respect to feasibility, predictability, and verifiability.

The implementation experience acquired during the transitional period served as a key reference point in shaping the full application phase starting on 1 January 2026, with the simplification measures introduced under the Omnibus regulations designed accordingly.

Scope of CBAM and Implementation Principles

CBAM is applied with a limited scope focusing on sectors with high carbon intensity and a significant risk of carbon leakage. As of 1 January 2026, CBAM covers imports of iron and steel, aluminium, cement, fertilisers, electricity, and hydrogen. These product groups correspond to the sectors most exposed to carbon costs under the EU Emissions Trading System (ETS) and reflect CBAM's core objective of preventing carbon leakage.

Products within the scope of CBAM are defined based on CN/TARIC codes under the EU's customs and tariff classification system. This means that, for exporters, product definition, technical classification, and origin information have become decisive factors in determining CBAM obligations.

Under the Omnibus regulations, the fundamental approach to CBAM's scope has been preserved, while the proportionality of its application has been strengthened. Accordingly, CBAM obligations do not apply to imports of iron and steel, aluminium, cement, and fertilisers where the annual total import quantity per product remains below 50 tonnes. However, if this threshold is exceeded within a calendar year, CBAM obligations apply retroactively from the beginning of that year, with no exemption granted for prior imports. No quantity threshold has been introduced for electricity and hydrogen imports due to the nature of these products.

As of 2026, imports under CBAM have moved beyond the reporting-only obligations applied during the transitional period and adopted a certificate-based structure. In this context, importers are required not only to declare emissions data but also to surrender CBAM certificates corresponding to the declared embedded emissions. The CBAM declaration for a given calendar year must be submitted by 30 September of the following year, with the first declaration for 2026 imports due by 30 September 2027.

Although legal obligations under CBAM formally rest with importers established in the EU, the fact that embedded emission calculations rely largely on data provided by producers means that CBAM also has indirect yet decisive implications for manufacturers operating in third countries.

Key Institutional and Technical Mechanisms in CBAM Implementation

1. Authorised CBAM Declarant Structure

As of 1 January 2026, the import of CBAM-covered goods into the European Union requires importers to hold the status of authorised CBAM declarant. This status constitutes a fundamental prerequisite for submitting emission declarations and surrendering certificates corresponding to embedded emissions.

Imports of CBAM-covered goods into the EU are not permitted if carried out by importers that do not hold authorised CBAM declarant status. In this respect, the authorisation mechanism functions as a central administrative tool ensuring that CBAM obligations are managed through identifiable and traceable actors.

Under the framework clarified by the Omnibus regulations, authorisation applications are processed through the central CBAM Registry established by the European Commission. The institutional capacity of importers and their ability to fulfil CBAM obligations constitute key evaluation criteria in the authorisation process.

Authorised CBAM declarant status is obtained by EU-established importers importing CBAM-covered goods, and responsibility for obtaining and maintaining this status rests entirely with the importer. While exporters operating in third countries are not subject to a direct authorisation requirement, the accuracy and traceability of emission data provided within the CBAM Registry remain decisive for exporters.

2. Emission Calculation Methodology under CBAM

The calculation of embedded emissions under CBAM is based on an institutional methodology designed to align with the EU Emissions Trading System (ETS). This framework defines system boundaries, emission sources to be included in calculations, and mandatory data sets for reporting, ensuring that emission calculations are comparable and verifiable.

The primary objective of the methodology is to establish structural equivalence in emission calculation approaches between producers operating under the EU ETS and producers in third countries. Accordingly, the methodology covers direct emissions from production facilities as well as indirect emissions for certain sectors.

Accurate and verifiable calculation of embedded emissions plays a decisive role in controlling CBAM-related costs by reducing reliance on default emission values. In this respect, the emission calculation methodology

represents not merely a technical reporting requirement but a strategic factor that directly affects exporters' cost structures and competitiveness.

3. Verification and Accreditation Framework

The acceptability of emission data declared under CBAM depends on verification by authorised and accredited verifiers. The verification mechanism ensures the technical accuracy and consistency of submitted emission data, thereby supporting the reliable functioning of the CBAM system.

Under the secondary legislation adopted by the European Commission in December 2025, the CBAM verification process has been structured in close alignment with ETS verification practices. In this context, Commission Implementing Regulation (EU) 2025/2546 sets out the principles and procedures for verifying embedded emissions and, as a general rule, requires physical on-site inspections of production facilities during the first year of verification. While partial remote verification is permitted in subsequent reporting periods, physical on-site inspections must be conducted at least once every two reporting periods.

Verification activities are based on a risk-based approach and aim to provide reasonable assurance that declared emission data are free from material misstatement. This structure demonstrates that verification is not limited to document review but also involves assessing the alignment of data collection processes, production activities, and calculation methodologies with actual practices.

The accreditation framework ensures the technical competence and independence of verification bodies. Commission Delegated Regulation (EU) 2025/2551 defines the framework for accrediting verifiers and allows verification activities to be carried out by verifiers established in third countries, provided they are authorised in accordance with relevant EU accreditation legislation. These arrangements contribute to the comparability of emission data across the EU and help mitigate cost risks associated with the application of default emission values for exporters operating in Türkiye.

4. CBAM Certificates: Purchase, Calculation, and Cost Dynamics

As of 1 January 2026, the financial dimension of CBAM requires importers, in addition to emission declarations, to procure and surrender CBAM certificates corresponding to declared embedded emissions. In this context, CBAM certificates have become a core instrument linking the mechanism's environmental objectives with its commercial impacts.

Authorised CBAM declarants are required to hold a certain portion of the certificates corresponding to embedded emissions from imports carried out

during the current year within the CBAM Registry. This structure aims to prevent deferring certificate obligations until year-end and to distribute the financial burden evenly throughout the year.

CBAM certificates are purchased through a central platform established by the European Commission, with certificate prices linked to allowance prices under the EU Emissions Trading System. This ensures alignment between CBAM-related financial obligations and the EU's internal carbon pricing mechanism.

Certificate obligations are calculated based on the embedded emissions of imported products, with free allocations under the EU ETS reflected in the net certificate requirement through adjustment factors. Where verified carbon prices have already been paid during production in third countries, these amounts may be deducted from the CBAM certificate obligation.

The gradual phase-out of free allocations under the EU ETS by 2034 indicates that CBAM certificate obligations will create an increasing financial impact over time. In cases where verified actual emission data cannot be provided, the application of default emission values results in higher and more predictably rising cost risks for importers and exporters. In this respect, the CBAM certificate mechanism constitutes a structural cost factor that directly shapes competition based on firms' carbon performance, extending beyond a purely technical reporting tool.



Key Structural Issues Emerging in CBAM Implementation

1. Expansion of CBAM Scope to Downstream Products: Rationale and Medium-Term Perspective

The European Commission considers that limiting CBAM's current scope to basic inputs such as iron, steel, and aluminium is insufficient to prevent carbon leakage risks across the entire value chain. It has been identified that downstream products heavily using these inputs face indirect competitive pressure from carbon costs, increasing the risk of production relocation to third countries or rising imports.

Accordingly, the Commission has proposed an amendment to the Regulation to expand CBAM's scope as of 1 January 2028 to include approximately 180 downstream products with high iron and steel or aluminium content. Subject to completion of the legislative process, this expansion transforms the 2026–2028 period into a critical preparation phase for sectors heavily reliant on these inputs, requiring strengthened data infrastructure, supply chain transparency, and verifiable emission calculation capacity alongside compliance with existing obligations.

The product list annexed to the Commission's proposal, defined based on CN codes, covers a broad range of goods, including iron and steel structural and fastening components, machinery and industrial equipment, electric motors and cable systems, vehicles and vehicle parts, household appliances, metal furniture, and various technical and medical metal products. The common feature of these products is the significant share of CBAM-covered basic inputs embedded within them.

Under the proposed scope expansion, embedded emission calculations focus solely on emissions associated with CBAM-covered precursor inputs rather than final manufacturing or assembly processes. While traceable steel and aluminium scrap generated during production is included in calculations, scrap arising after the product's final use and falling outside supply chain control is excluded. This approach aims to ensure administrative and technical manageability of downstream product inclusion and to establish balance between indirect carbon costs under the EU ETS and embedded emissions in imported goods.

Although the proposed product list does not yet constitute binding legislation, the technical annexes and product definitions presented by the Commission demonstrate that the inclusion of downstream products in CBAM is not a temporary discussion point but a core element of the mechanism's medium-term evolution.

2. Interaction of CBAM with National and Global Policy Frameworks

CBAM has been designed to interact with national carbon pricing mechanisms within a defined framework, without directly replacing them. This approach indicates that CBAM establishes a limited and conditional relationship with national emissions trading systems based on methodological alignment with the EU ETS. In this context, Türkiye's publicly presented Draft Emissions Trading System Regulation reflects an orientation aligned with the EU ETS and CBAM framework in terms of monitoring, reporting, verification infrastructure, and market functioning. However, the scope and actual impact of potential deductions from CBAM certificate obligations will depend on implementation outcomes and recognition by the EU. Accordingly, a national ETS should be viewed not as an automatic financial offset

mechanism against CBAM, but as a complementary policy instrument with gradual and conditional effects.

In the medium-term evolution of CBAM, potential linkages with international carbon markets developed under Article 6 of the Paris Agreement remain under discussion. Under the current framework, carbon credits are not recognised as instruments that can be directly deducted from CBAM certificate obligations. Nevertheless, policy discussions continue regarding how mechanisms ensuring environmental integrity, preventing double counting, and based on intergovernmental agreements could potentially interact with CBAM in the future. While this expands CBAM's potential interaction with global carbon governance, it does not create tangible operational flexibility for exporters in the short term.

The effective activation of CBAM's financial impacts as of 2026 has also brought complementary policy instruments aimed at safeguarding industrial competitiveness within the EU onto the agenda. The planned allocation of a portion of CBAM revenues to support decarbonisation investments under EU budgetary and industrial policies demonstrates that CBAM is regarded not solely as a cost-increasing measure but also as a policy instrument encouraging transformation. While this approach reflects a deliberate policy choice to support EU industry's decarbonisation process, it also requires exporters in third countries such as Türkiye to consider CBAM as a structural factor shaping actual competitive conditions.



Article 27a of the CBAM Regulation: Exceptional Circumstances Mechanism (8 January 2026)

Following the effective activation of CBAM-related financial obligations, the European Commission published a Question and Answer (Q&A) document on 8 January 2026 regarding proposed Article 27a to be added to the Regulation. This provision aims to clarify discussions that have arisen particularly in the context of price volatility observed in the fertiliser market.

Article 27a has been designed as an exceptional safeguard mechanism allowing for the temporary exclusion of a CBAM-covered product from the scope of the mechanism if it is objectively demonstrated that severe and

unforeseeable price impacts have caused significant damage to the EU internal market. The Commission has explicitly emphasised that this provision does not signify any change in CBAM's fundamental objectives or long-term policy direction.

In this context, the Commission has stated that the permanent removal of fertilisers from CBAM scope is not envisaged. However, in the event that CBAM-related impacts pose a direct and serious risk to food prices or food security, a time-limited suspension under Article 27a may be considered. Any such decision would be based on the Commission's technical assessment and implemented under the supervision of the European Parliament and the Council.

For exporters operating in Türkiye, Article 27a should be regarded solely as a complementary safeguard mechanism designed for exceptional and unforeseeable market shocks.

Conclusion and Assessment

The CBAM framework updated through the Omnibus regulations reflects a simplification approach aimed at reducing technical and administrative challenges encountered in practice, without deviating from the mechanism's core objectives. As of 1 January 2026, with the effective introduction of financial obligations, CBAM has evolved from a reporting-based transitional mechanism into a permanent and structural regulation simultaneously guiding the EU's climate objectives and trade policies.

At the same time, CBAM is not a static regulation. The application framework entering into force in 2026 constitutes the first stage of a longer-term transformation that envisages expanding the scope to include downstream products after 2028. In particular, expansion plans targeting products with high steel and aluminium content demonstrate that CBAM is evolving to cover not only basic raw materials but also more advanced stages of the value chain.

For exporters operating in Türkiye, CBAM represents a regulation that, despite legal responsibility resting with EU-established importers, effectively places production processes and emission performance at its core. The accurate and verifiable calculation of embedded emissions and the development of data and reporting capacity aligned with EU methodologies are not merely short-term compliance requirements but have become strategic imperatives for sustaining access to the EU market in the medium and long term. In this context, the 2026–2028 period stands out as a critical transition window during which exporters must move beyond basic CBAM compliance and strategically reposition their production, data management, and carbon performance.



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