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Carbon Market Virtual Series

Navigating The EU Carbon Border Adjustment Mechanism (CBAM): Readiness, Carbon Data and Competitiveness for Indian Exporters

25 June 2026 | 2:00 PM – 3.30 PM IST

IETA

Navigating the EU Carbon Border Adjustment Mechanism: Readiness, Carbon Data and Competitiveness for Indian Exporters



Kajol Tandon,
India Representative, IETA
Moderator



Apurba Mitra,
IETA India Taskforce Co-Chair
Panelist



Renato Roldao, Policy Officer
DG Clima, European Commission
Panelist



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Delphine Sallard,
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Panelist



Mr Arijit Sengupta,
Director, Bureau of Energy Efficiency,
Indian Ministry of Power
Panelist



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Head of Department Infrastructure and
Sustainability, TÜV SÜD Energietechnik GmbH
Baden-Württemberg
Panelist



ABOUT IETA

WE ARE THE TRUSTED BUSINESS VOICE ON MARKET-BASED CLIMATE SOLUTIONS

- Non-profit industry association founded in 1999 with over 300+ business members representing the entire market landscape
- Empowering the private sector to engage in climate action, by supporting the establishment of effective market-based trading systems for greenhouse gas (GHG) emissions and removals that are environmentally robust, fair, open and efficient
- **Making net zero possible.**
- www.ieta.org



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Welcome Remarks & Context Setting



Apurba Mitra, IETA India Taskforce Co-Chair

Presentation on CBAM State of Play



**Delphine Sallard, Senior Expert, DG
TAXUD - CBAM, Energy and Green
Taxation, European Commission**



The Carbon Border Adjustment Mechanism

25 June 2026

-

CBAM State of Play

Delphine SALLARD - Senior Expert - European Commission - DG
TAXUD
taxation - CBAM, energy and green

The CBAM: tackling carbon leakage and driving decarbonisation

Sectors in the scope



IRON & STEEL



ALUMINIUM



CEMENT



FERTILISER



HYDROGEN



ELECTRICITY

6 sectors selected on the basis of 3 criteria:

- ✓ *High risk of carbon leakage (high carbon emissions; high level of trade)*
- ✓ *Covering large share of greenhouse gas emissions of EU ETS sectors*
- ✓ *Practical feasibility*

Exclusions (50 tonnes per importer/year / countries linked with the EU ETS)

- Emissions scope:** (Scope 1) Direct emissions + (scope 2) indirect emissions from electricity (only for Cement and Fertilisers)
- December 2025 proposal: **downstream extension**
- In the future, scope may be extended to a limited list of **ETS sectors at risk of carbon leakage** (such as refineries and chemicals), provided that such an extension is justified based on selected criteria

India – Most relevant CBAM sectors

- In 2024 CBAM products represented some 8% of India's exports to the EU. 7,6% in 2025.
- India's exposure to CBAM is mostly concentrated in the iron and steel sector which represented about 6,3% of the total value of Indian exports to the EU in 2025, and the aluminium sector.

share of total value of exports to the EU in 2025

Total CBAM	7,6%
Cement	0,0%
Electricity	0,0%
Fertilisers	0,0%
Iron and Steel	6,3%
Aluminium	1,3%
Hydrogen	0,0%

Gradual implementation of CBAM

Transitional period - learning phase through monitoring and reporting
October 2023 - December 2025

CBAM Simplification - February 2025

Review Report - *December 2025*

- Experience with CBAM's application in the two-year transitional period
- Assessment of scope extension post 2026
- Impact on LDCs

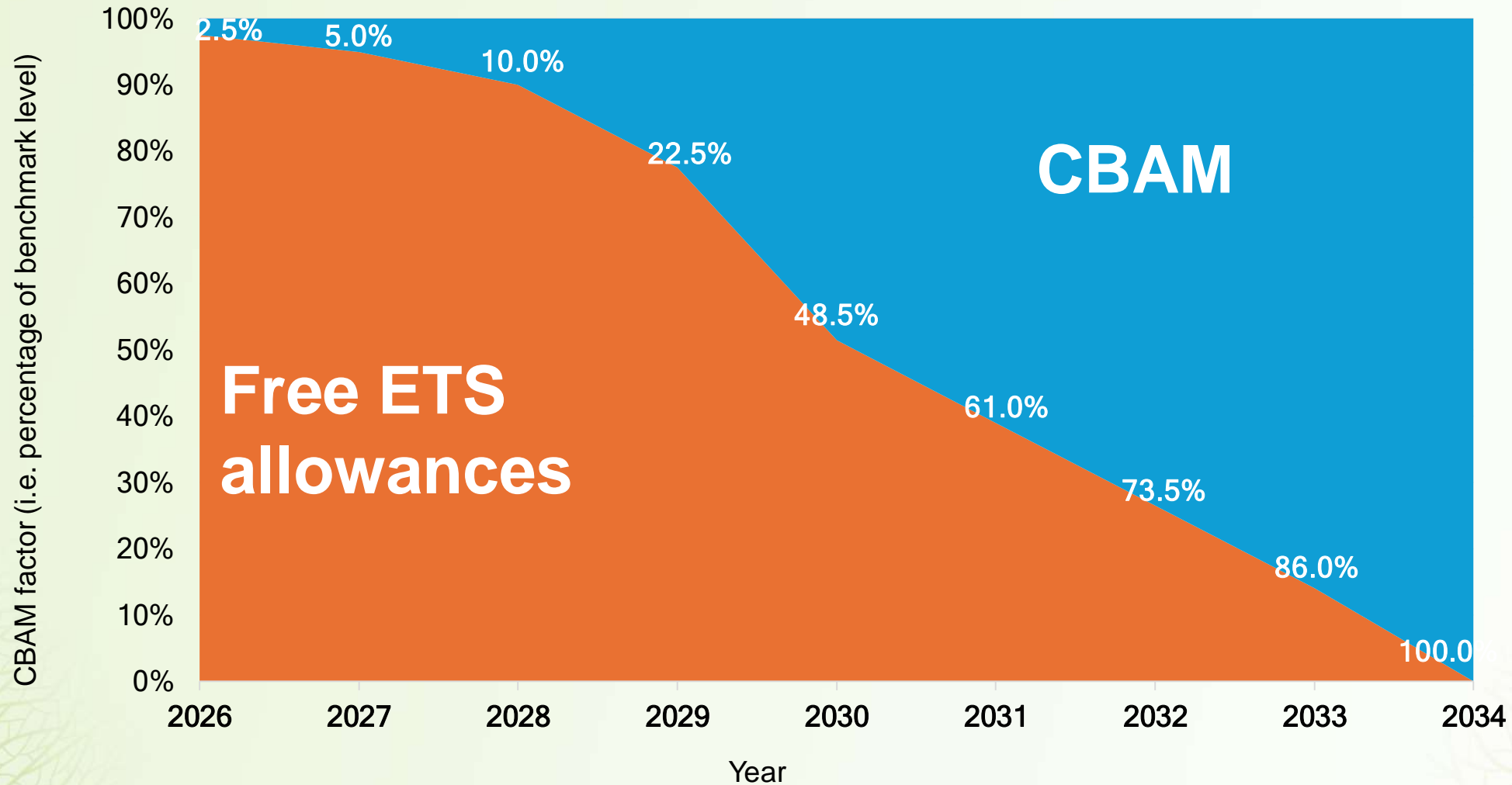
Legislative proposal to extend CBAM to certain downstream goods, strengthen its anti-circumvention effectiveness and clarify rules for electricity.

In 2025, we postponed the proposals for extension to additional sectors and to indirect emissions to 2027.

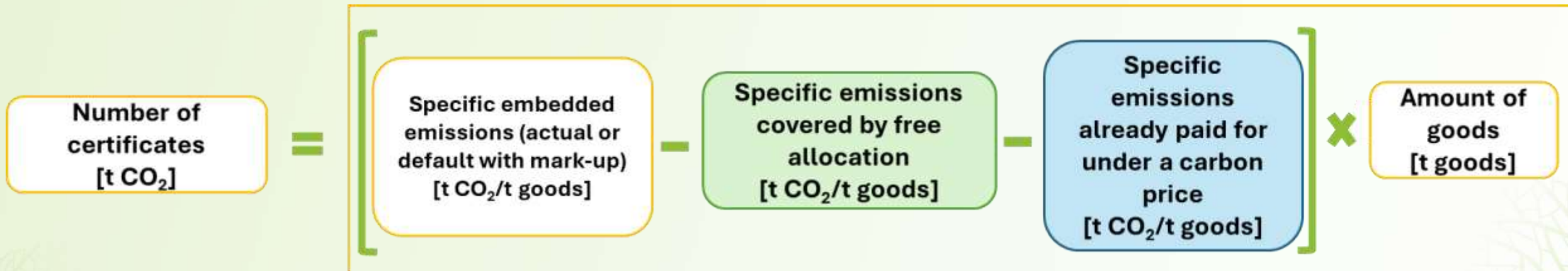
Transitional period bis
January 2026 onwards and Second review in 2027

- Gradual phase-in of CBAM/phase-out of free ETS allocation.
- Importers need to be authorised, CBAM fees paid yearly as of 2027 for 2026 imports; reporting is annual; verification required.
- Adoption of IA on Carbon price paid in third countries and default carbon prices (2026)
- In 2027 the Commission will review all implementing and delegated acts tested in 2026.

The CBAM mirrors the EU ETS - Phasing-out of free allocation and phasing-in of CBAM

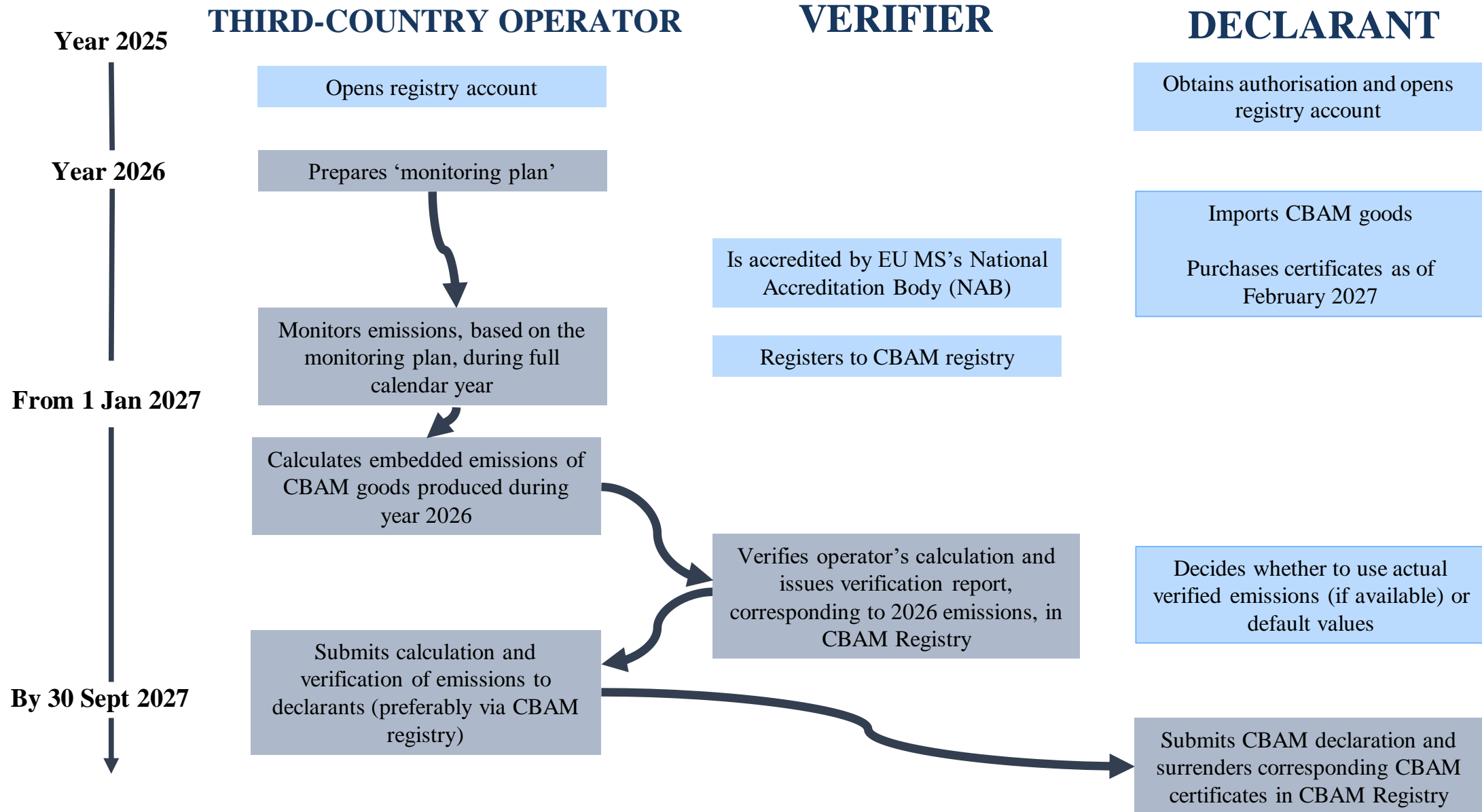


Overview of calculation of number of certificates



- Implementing act on methodology on embedded emissions ([EU 2025/2547](#))
- Implementing act establishing default values ([EU 2025/2621](#))
- Implementing act on free allocation adjustment ([EU 2025/2620](#))
- Implementing act on carbon price effectively paid in third country (*in progress*)

Overview of stakeholders



Deduction of the carbon price paid in a third country

- The CBAM Regulation allows for a deduction of a carbon price effectively paid in a third country.
 - To ensure that CBAM is fair and does not discriminate: if a carbon price was already paid on the emissions declared for CBAM, it should not be paid twice.
 - Incentivise the uptake of carbon pricing instruments in third countries, effective in driving industrial emissions down.
- Can be claimed under two alternative approaches :
 - “**Actual carbon price approach**” based on evidence certified by a third party. Rules to be set in the forthcoming implementing act. Stakeholders consulted on draft implementing act until 10 June.
 - “**Default carbon price approach**” relying on “default carbon price” to be made available directly by the Commission in the CBAM Registry for countries with carbon pricing mechanisms.
- Concerns **compliance schemes**, essentially carbon taxes explicitly levied on the embedded emissions and allowances under an emission trading system. The carbon price should be **effectively paid**, in the sense that it should not be rebated or compensated.

Eligible carbon price

- Definition in CBAM Regulation: the monetary amount paid in a third country, under a carbon emissions reduction scheme, in the form of a tax, levy or fee or in the form of emission allowances under a greenhouse gas emissions trading system, calculated on greenhouse gases covered by such a measure, and released during the production of goods;.
- Clarification on the form that a carbon tax or allowance under an ETS can take, directly set in definition of evidence (detailed in Annex I).
- Carbon pricing mechanisms
 - ETS (cap-based or baseline-and-credit system);
 - Point-source carbon tax;
 - Carbon tax levied on a fuel (paid by fuel supplier or importer; indirectly by operator).
- Any compliance options allowed under a carbon price mechanisms, including carbon credits when allowed.
- Guidance published by COM set to list eligible carbon pricing mechanisms.

Eligible carbon credits

- Inclusion of carbon credits, **only if paid as compliance option** under an ETS or carbon tax (not when paid on a voluntary basis).
- Design is **strict on giving assurance that a declared price is effectively paid**: evidence of price paid to be checked by the accredited independent person, including:
 - Official records of number of credits used; official records of the emissions covered by such credits and share from total obligation; evidence of purchased quantity and price.
- Specific criteria for international carbon credits
 - Qualitative: must be 6.2 or 6.4 carbon credits.
 - Article 6.2 credits: transferred as ITMOS and no significant inconsistencies reported in technical expert reviews reports.
 - Article 6.4 credits: must be authorised for international transfer.
 - Quantitative: max 10% of the emission covered by the carbon pricing mechanism.

Default Carbon prices

- As per the CBAM Regulation simplification adopted in 2025 (Art 9 (5)):
- *As from 2027, the Commission may, for third countries where carbon pricing rules are in place, determine and make available (...) the default carbon prices for those third countries and publish the methodology for their calculation. The Commission shall do so on the basis of the best available data from reliable, publicly available information and information provided by those third countries.*

Proposed downstream extension: New goods to be added

Downstream good category	Number CN codes
Industrial Machinery & Machine Tools	34
Vehicles & Chassis	39
Metal Hardware & Fabrications	28
Vehicle Components & Systems	21
Domestic Appliances & Consumer Goods	18
Construction & Lifting Equipment	17
Engines, Motors & Power Generation	7
Electrical & Electronic Components	6
Medical, Laboratory & Safety Devices	5
Agricultural & Lawn Equipment	5
Total	180

- In terms of value, the current CBAM scope of **571 CN codes accounts for EU imports of about EUR 100 billion** (out of which EUR 80 billion comes from iron and steel and aluminium)
- The extension would add **180 CN codes** around **55 billion** in value add another **55% in value terms by increasing the scope by 30%** in CN code terms.
- **The vast majority, 94%, of these downstream goods concerned are industrial supply chain products with a high (on average 79%) steel and aluminium content, used in heavy machinery and specialised equipment, such as base metal mountings, cylinders, industrial radiators, or machines for casting.**
- **A small share, 6%, of the downstream goods concerned are also household goods, such as washing machines.**
- Attribution of emissions to downstream goods limited to the emissions that would be covered under the EU ETS if the good were produced in the EU.
- Use of actual emissions remains the priority in the determination of embedded emissions. In case of use default value, **no mark-up**



Thank you!

Link to the adopted documents:

[Carbon Border Adjustment Mechanism - Taxation and Customs Union](#)

and

[CBAM Communication and FAQs - Taxation and Customs Union](#)

If you have any questions, please contact us:

TAXUD-CBAM@ec.europa.eu

Remarks by Mr Renato Roldao – DG Clima



**Renato Roldao, Member of the Task
Force International Carbon Pricing and
Markets Diplomacy, DG Clima, European
Commission**

Remarks by Aurora D'Aprile - IETA



**Aurora D'Aprile, EU Policy Director,
International Emissions Trading
Association (IETA)**

Presentation on India's Carbon Market and Cross Border Adjustment Mechanism



**Mr Arijit Sengupta, Director, Bureau of
Energy Efficiency, Ministry of Power,
India**

Indian Carbon Market and Cross Border Adjustment Mechanism

Bureau of Energy Efficiency

India's NDC Commitments — Ahead of Timeline

53.21%

Non-fossil installed power capacity
(Mar 2026)

Target: 50% by 2030
Met 5 years early

37.38%

Emissions intensity reduction
(2005–2022)

Target: 33–35% by 2030
Met 10 years early

2.44 Bn t

CO₂eq carbon sink created
(2005–2022)

**Target: 2.5–3 billion tCO₂ via
additional forest and tree cover by
2030**

New NDC 2031–2035 (Approved by Union Cabinet, March 2026)

- Reduce GDP emissions intensity by 47% below 2005 levels by 2035
- Achieve 60% cumulative electric power installed capacity from non-fossil fuel-based energy by 2035
- Create Carbon Sink of 3.5 to 4.0 billion tonnes of CO₂ eq. through Forest and Tree Cover by 2035 from 2005 level
- Guided by the vision of Viksit Bharat: sustainable, climate-resilient development anchored in equity and CBDR-RC

Need for Carbon Market

NDC

To facilitate the achievement of India's enhanced NDC targets and future NDC goals.

Mitigation

To mobilize new mitigation opportunities through demand for emission reduction credits by private and public entities

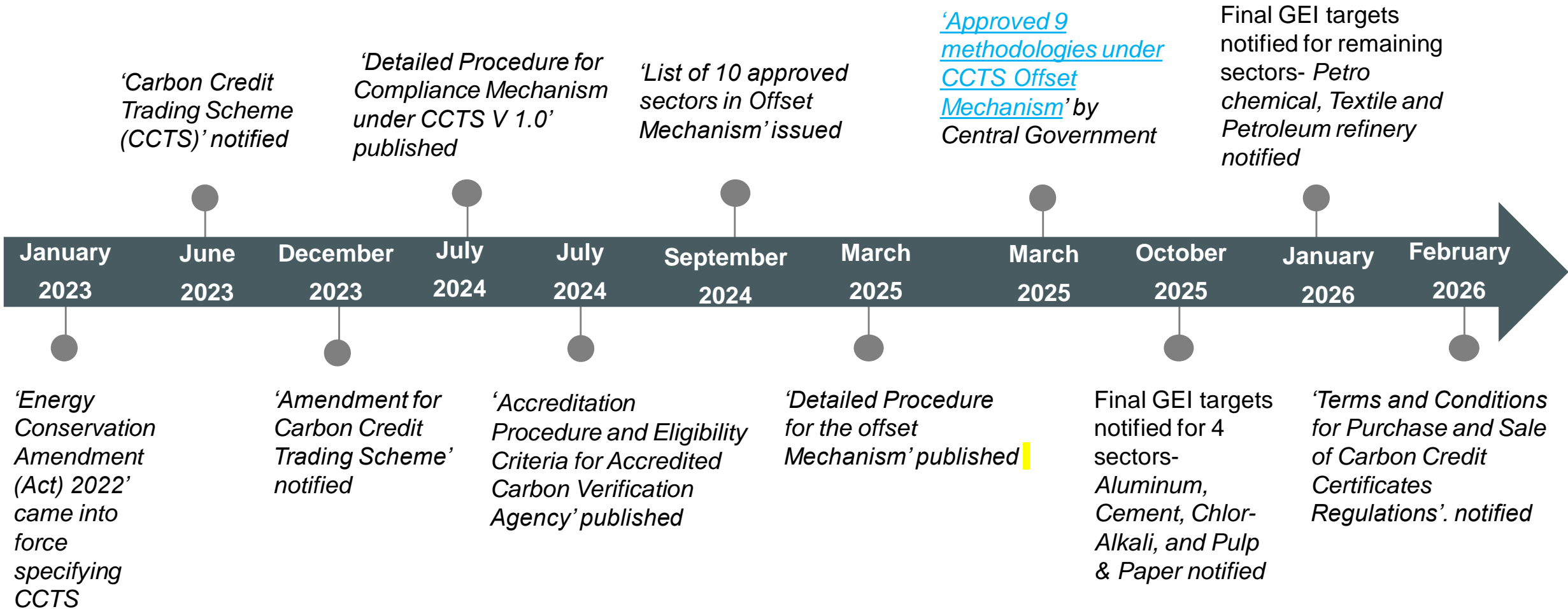
Investments

To mobilize a significant portion of investments in clean technologies required by growing economy to transit toward low-carbon pathways.

Article 6

To leverage the potential international collaboration and financing opportunities under Article 6 of the Paris Agreement.

Evolution of CCTS



Mechanisms

Compliance Mechanism

- **Nature:** Mandatory
- **Boundary:** Facility Level (Gate to Gate)
- **Additionality:** Targets
- **Scope:** Sector Specific, targeting obligated entities
- **Credits:** On overachievement of targets

Sectors: Iron & Steel, Aluminium, Cement, Refinery, Pulp & Paper, Textile, Petrochemicals, Chlor-Alkali

Offset Mechanism

- **Nature:** Voluntary
- **Boundary:** Project Level
- **Additionality:** Reduction must be beyond baseline scenario
- **Scope:** Broad and diverse
- **Credits:** Against the baseline & Methodology

Sectors: Energy, Industries, Agriculture, Waste Handling & Disposal, Forestry, Transport, Fugitive Emissions, Construction, Solvent Use, CCUS and Other Removals

The ICM Portal

[About ICM](#)[Rules & Regulations ▾](#)[Publication ▾](#)[Offset Project ▾](#)[Statistics](#)[ACVA](#)[Article 6](#)

About ICM

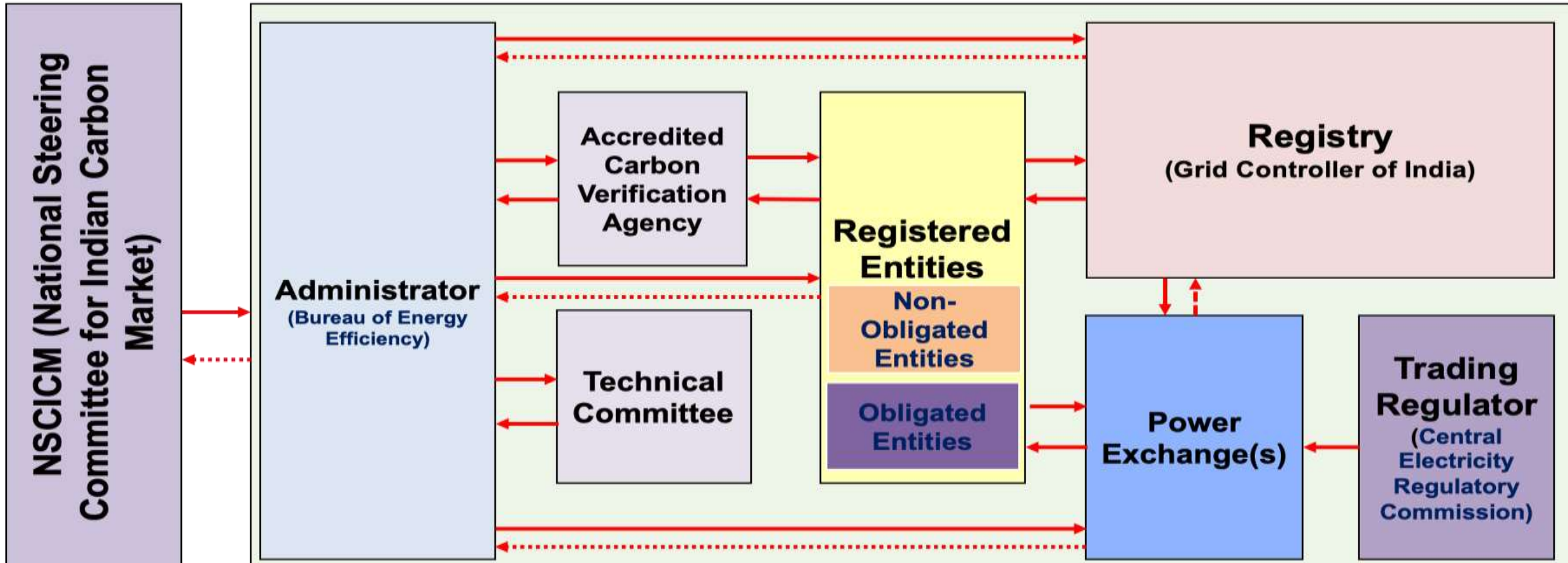
[▶ Objective](#)[▶ Background](#)[▶ Offset Mechanism](#)[▶ Compliance Mechanism](#)[▶ Accreditation Carbon Verification Agency \(ACVA\)](#)[▶ Contact Details](#)[Home](#) / [About ICM](#) / [Objective](#)

Objective

Climate Change has become a challenge to the sustainability of the eco-system due to carbon intense activities. Internationally, carbon markets have been successful in reducing green-house gas emissions. The challenge of meeting the NDC commitments makes it imperative that market measures are promoted, which is expected to enable active participation of the public and private stakeholders in reducing GHG emissions across sectors.

To facilitate the achievement of India's updated NDC targets in cost effective manner, the Government of India intended to develop a robust framework for the Indian Carbon Market (ICM) with an objective to transition to a low carbon economy by pricing the GHG emission through trading of the carbon credit certificates.

ICM Institutional Framework



Compliance

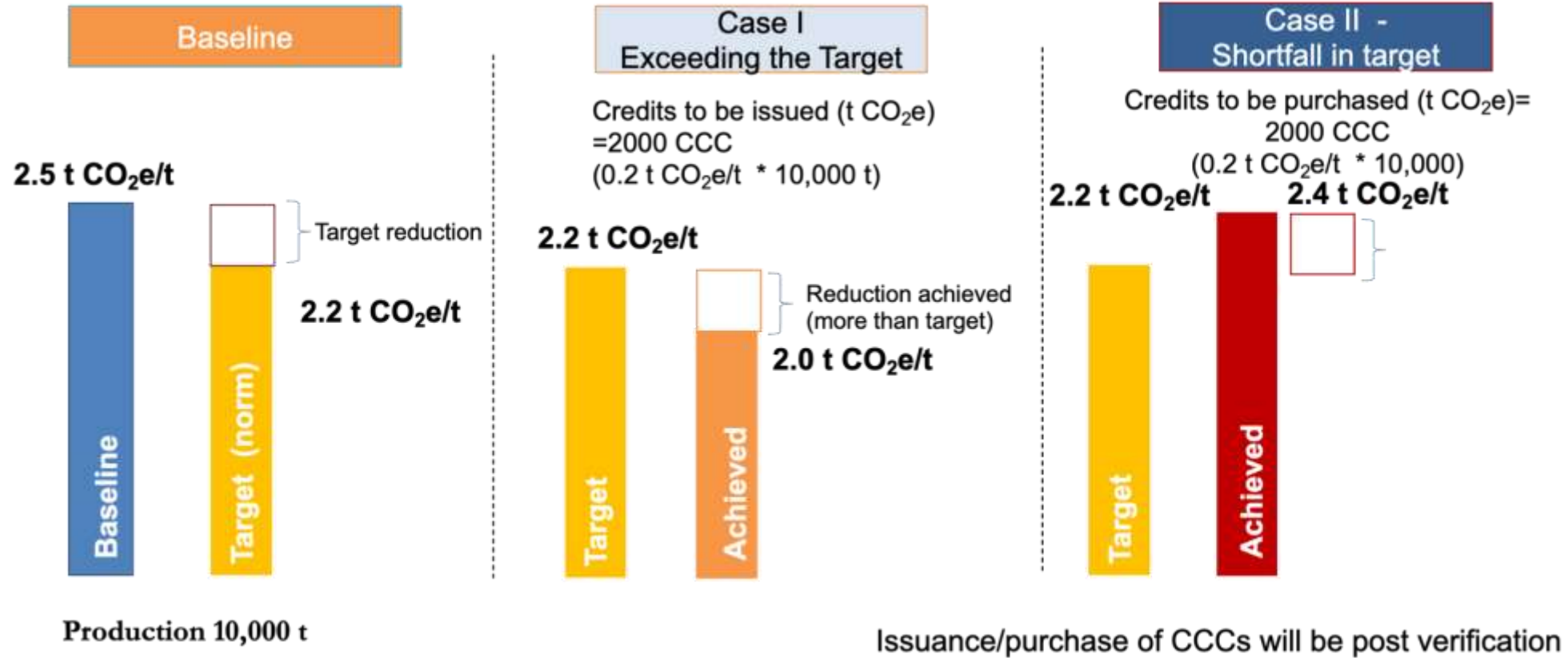
“Compliance Mechanism” is a mechanism under this Scheme where the **obligated entities** shall comply with the **greenhouse gas emission norms** as notified by the Central Government

Currently, GEI Targets for 7 sectors - covering 490 obligated entities have been notified.

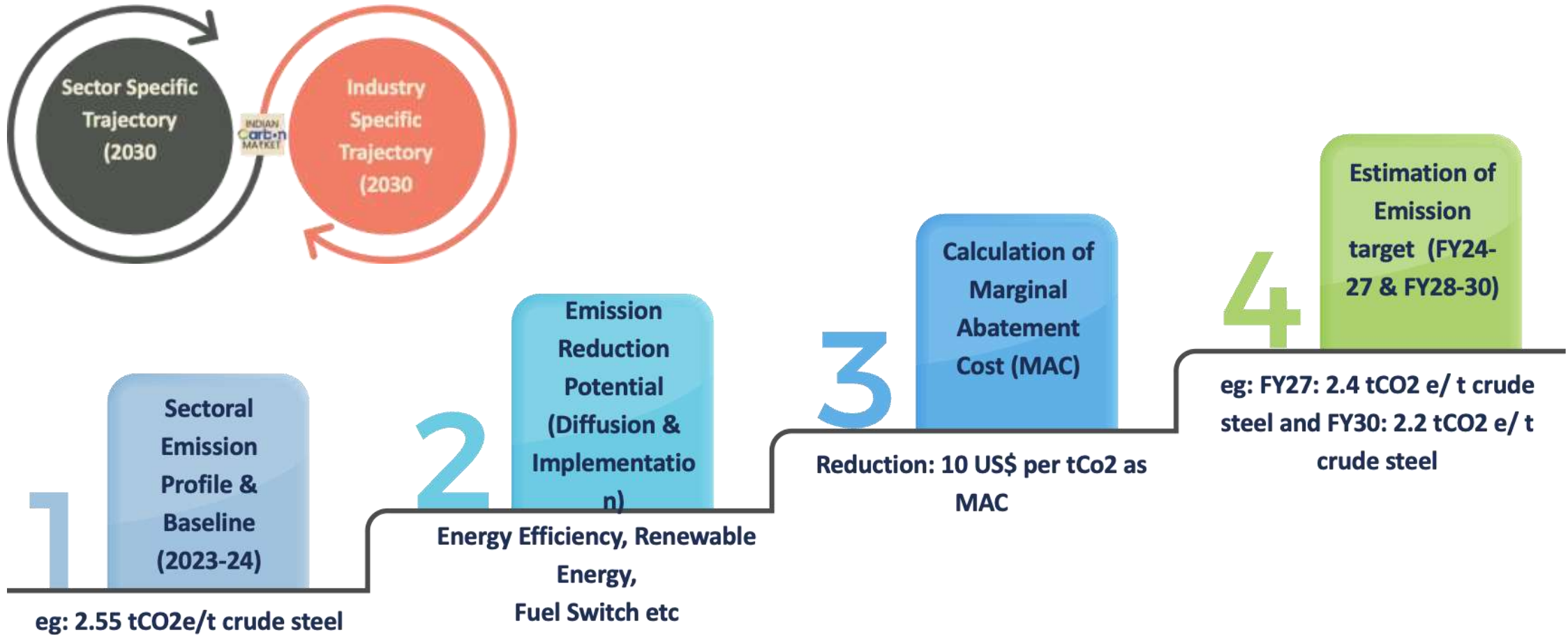
- Aluminium,
- Cement,
- Chlor-Alkali
- Pulp & Paper
- Petrochemicals,
- Petroleum Refinery,
- Textile



Trading Mechanism



Target Setting



Emerging Carbon Border Adjustment Mechanism (CBAM) Regulations

- Several Members are considering CBAM regulations, with the European Union being the first one to implement CBAM from 1 January 2026, moving from reporting to actual carbon cost regime
- Covers **Steel, Aluminium**, Cement, Fertilizers, **Hydrogen**, Electricity
- Indian exporters now face real financial exposure, not just reporting requirements
- While CBAM starts in 2026, actual payment of certificates begins in 2027 for 2026 emissions. This gives exporters a 1-year adjustment window

EU CBAM* and CCTS

* Used as an illustration as it is the first CBAM regulation to be implemented

Description	CBAM	CCTS
Purpose	Prevent carbon leakage by applying a carbon price on embedded emissions in imported goods	Reduce CO ₂ emissions from industrial operations
Sector coverage	Aluminium, Cement, Steel, Fertilizer, Electricity, Hydrogen	Aluminium, Cement, Steel, Refinery, Petrochemical, Pulp & Paper, Textile
Boundary	Covers emissions up to factory gate of imported products (embedded emissions)	Gate-to-gate boundary for the industrial installation (only emissions captured at the site)
Emission coverage	Scope 1 – Direct process & combustion emissions Scope 2 – Electricity emissions (Excl – Aluminium, Steel) Precursor emissions	Direct Emission (scope – 1) Emission Indirect Emission (scope – 2) Emission. Notional Emission of Intermediary Product
Reporting Frequency	Quarterly reporting during transition; annual reconciliation from 2026 (Calendar Year)	Annual Reporting (Financial year)
Applicability	EU Importers	Industrial unit

EU CBAM* Vs CCTS (Verification requirement)

* Used as an illustration as it is the first CBAM regulation to be implemented

Description	CBAM	CCTS
ISO Standard requirement	ISO 14065 (general principles and requirements for bodies verifying environmental information)	
Accreditation Authority	EU National Accreditation Body	NABCB/BEE
Team Composition	<ul style="list-style-type: none"> • CBAM Lead Auditors • CBAM Auditors • Independent Reviewers • Technical Experts 	<ul style="list-style-type: none"> • Team Leader • Team Members • Independent Reviewers • Sector Expert
Team leader/CBAM Lead Auditor	Knowledge of CBAM regulations and ETS-aligned MRV rules; strong data and information auditing competence including risk analysis, materiality, sampling, and system controls; ability to assess embedded emissions calculations (ISO 14067)	Ability to apply generic verification concepts, Knowledge and experience of energy and GHG accounting and management techniques. Understanding of Intensity based methodology BEE Accredited Energy Auditor + ISO 14064 1/2/3 Certification

EU CBAM* Vs CCTS (Verification requirement)

* Used as an illustration as it is the first CBAM regulation to be implemented

Description	CBAM	CCTS
CBAM Auditor/Team Member	Must have deep knowledge of emissions monitoring Can demonstrate knowledge of data and information auditing	Must have deep knowledge of energy and GHG accounting and management techniques, GHG emission sources
Technical Expert/Sector Expert	Deep process-engineering knowledge for CBAM sectors (aluminium, steel, cement) Understands EU ETS benchmarks, process emissions, indirect emissions and free allocation method	Strong sector specific process knowledge to support the verification team on sector specific technical matters (aluminium, steel, cement)
Independent Reviewer	Deep knowledge of MRV Sector-specific understanding for covered products	Deep knowledge of MRV Sector-specific understanding BEE Accredited Energy Auditor + ISO 14064 1/2/3 Certification

Thank You

Presentation– On Ground Readiness



**Dr Felix Schmid-Rheude,
Head of Department Infrastructure and
Sustainability, TÜV SÜD Energietechnik
GmbH Baden-Württemberg**

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On-Ground- Readiness

MRV challenges, default vs. actual values and verifications in India

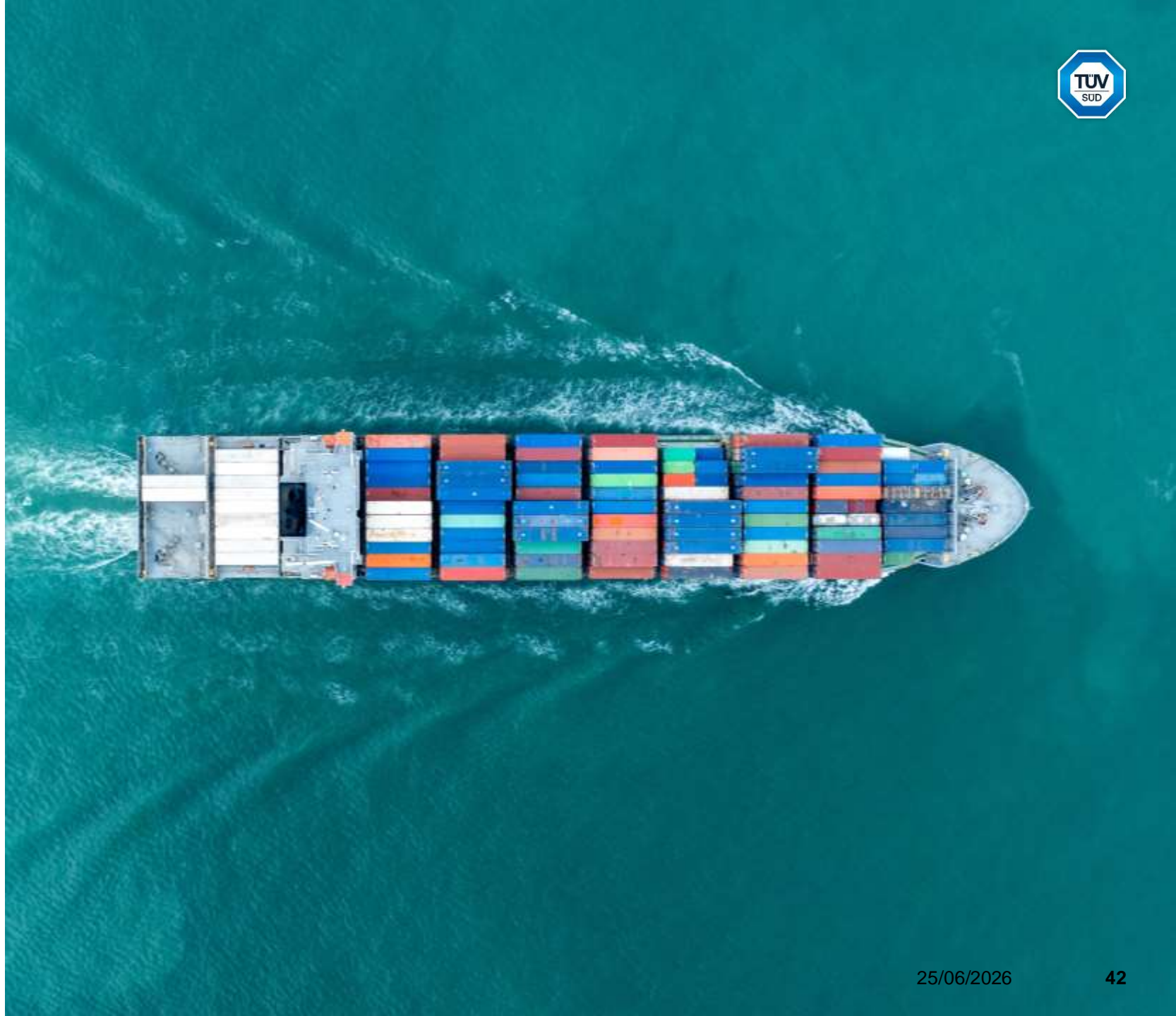
IETA, June 2026

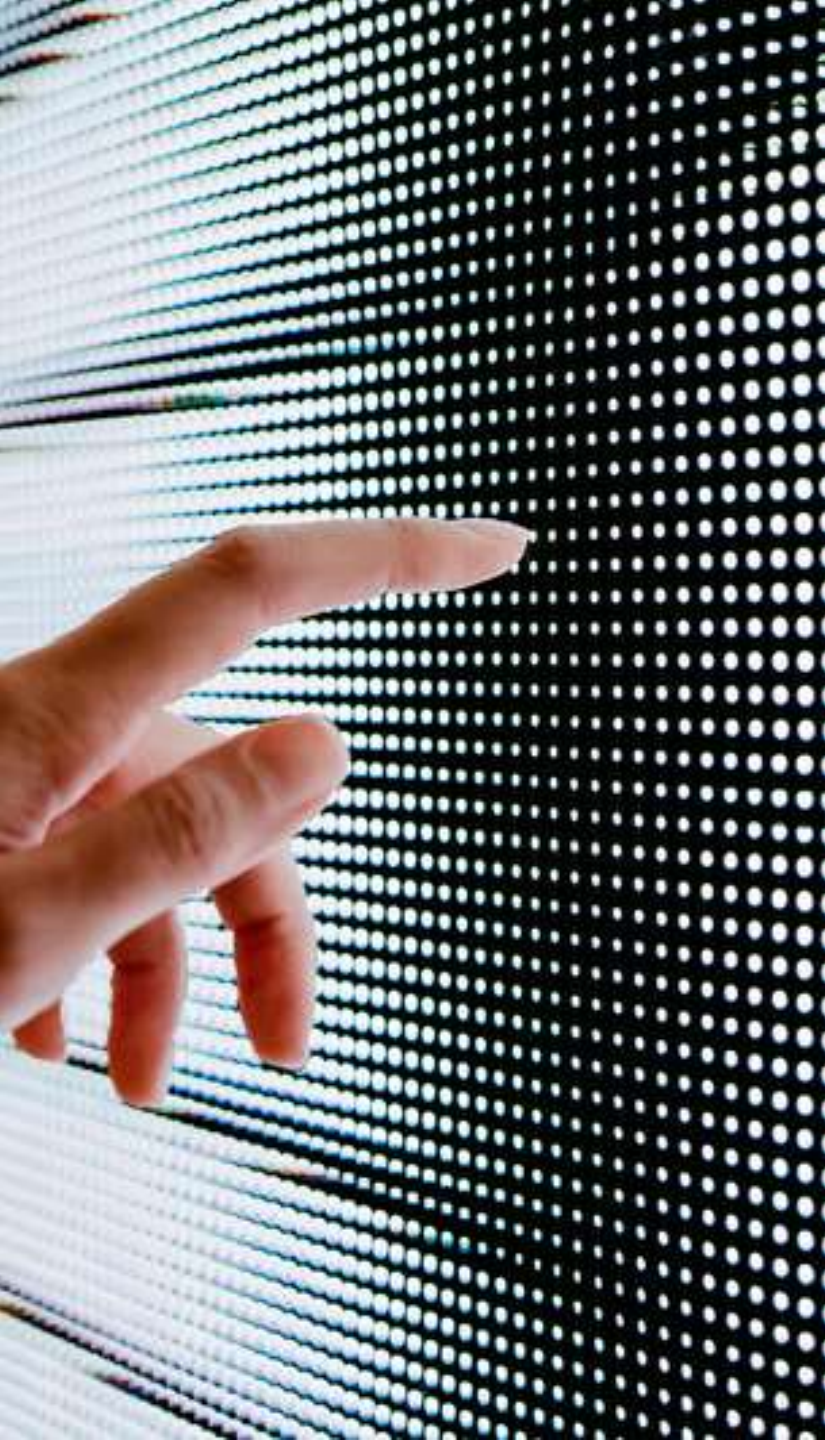


Disclaimer

While the applicable implementing and delegated acts are now in effect, supplementary aspects related to registry, central platform, templates, effective carbon price paid and national implementations remain unclear.

Please stay attentive to updates and communications on these matters.





Embedded Emissions vs. Carbon Footprint



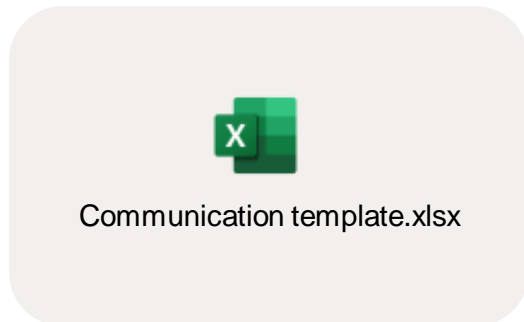
Emission sources	GHG Protocol	ISO 14064-1	EU ETS	CBAM
Stationary combustion	Scope 1	Category 1	EU ETS installation	Direct emission
Mobile combustion			-	-
Electricity	Scope 2	Category 2	Covered if produced in an EU ETS installation	Indirect emission
Heat				Direct emission
Transportation	Scope 3 (upstream)	Category 3	-	-
Purchased goods		Category 4	Covered if produced in an EU ETS installation	Embedded emission of relevant precursor
Usage and end-of-life	Scope 3 (downstream)	Category 5	-	-

Remark: Simplified overview

✓ Embedded emission (CBAM) ≠ Carbon Footprint



Transitional Period vs. Definitive Period



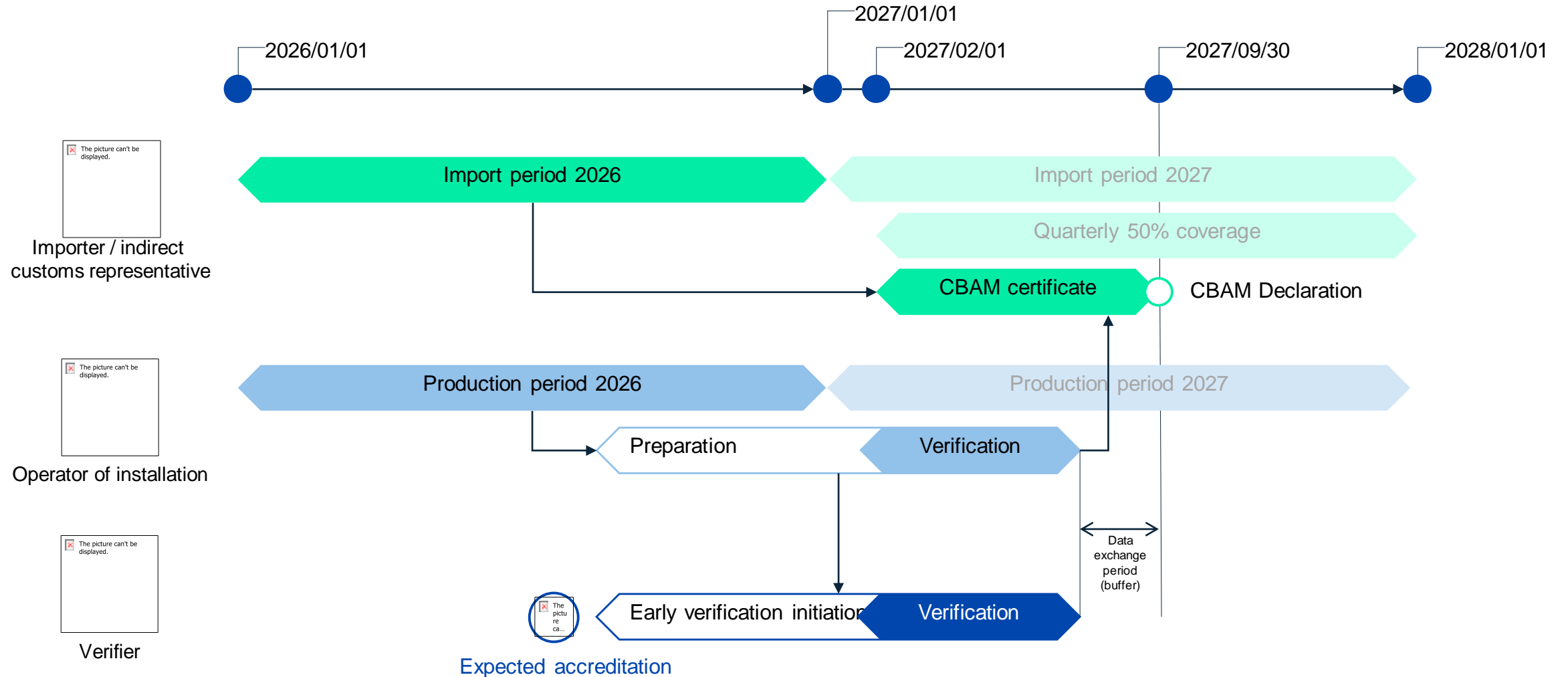
CBAM: Regulation (EU) 2023/956

- Implementing and delegated acts:
 - ✓ Verification principles: Regulation (EU) 2025/2546
 - ✓ **Calculation of embedded emissions:** Regulation (EU) 2025/2547
 - ✓ CBAM certificates: Regulation (EU) 2025/2548
 - ✓ Customs authorities: Regulation (EU) 2025/2619
 - ✓ **Free allocation adjustments:** Regulation (EU) 2025/2620
 - ✓ Default values: Regulation (EU) 2025/2621
 - ✓ Authorized CBAM declarant: Regulation (EU) 2025/586
 - ✓ CBAM registry: Regulation (EU) 2024/3210
 - ✓ Accreditation and verification: Regulation (EU) 2025/2551
- Adaptions
 - ✓ Scope extension from 2028: Proposal 52025PC0989

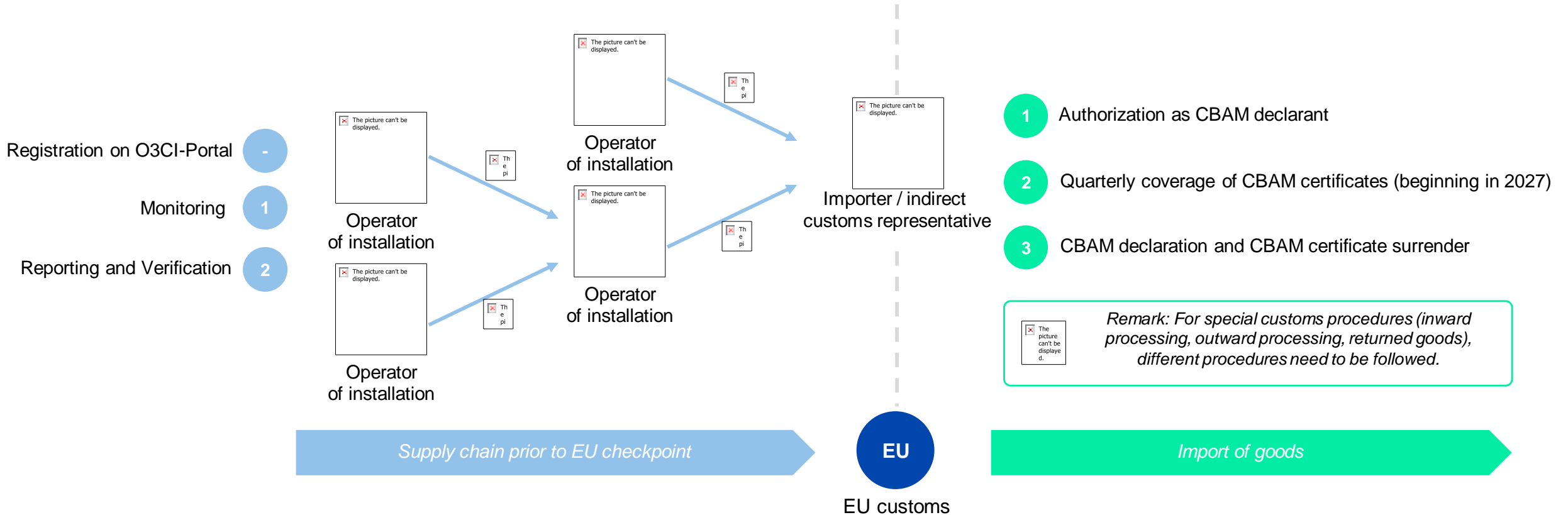


Remark: amending and correcting regulations are not listed here

Timeline for verification



Roles and responsibilities




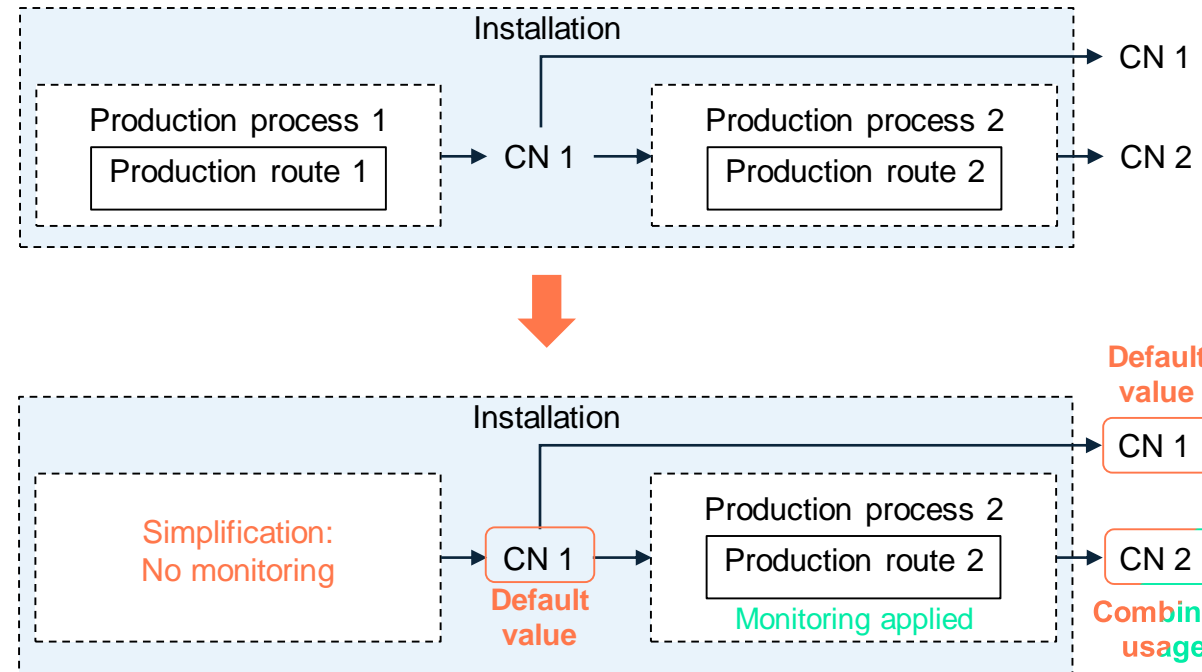
Actual and default values



MonReg, Article 15

- There are no restrictions on using actual or default values for specific embedded emissions for an installation
- There are no restrictions on combined usage

 Remark: This means that operator of installation can “simplify” relevant monitoring approaches for specific production processes by substituting relevant specific embedded emissions of precursors with default values





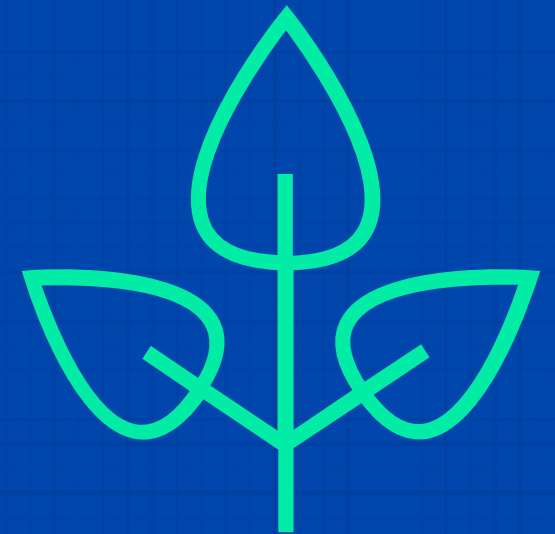
Thank you

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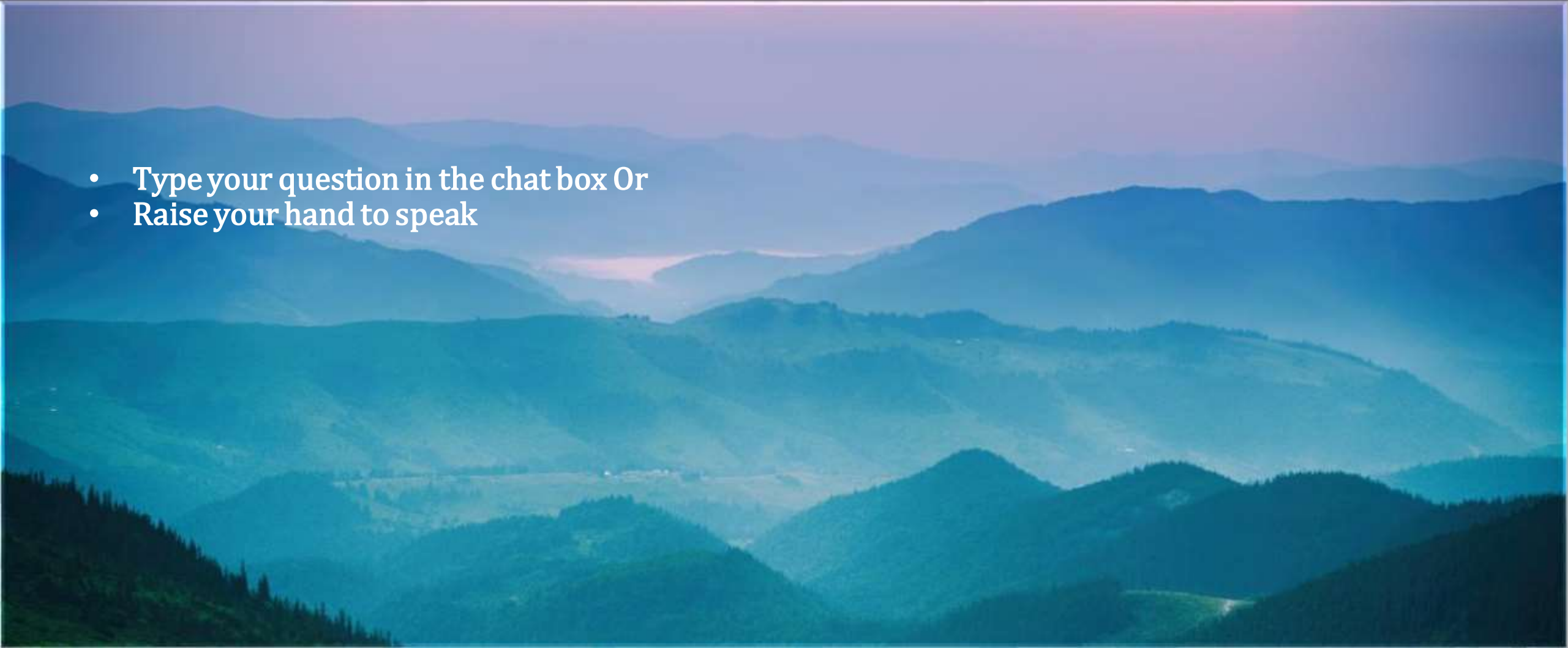
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Baden-Württemberg
Panelist



Questions?



- Type your question in the chat box Or
- Raise your hand to speak



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The IETA Asia Climate Summit (ACS) returns in 2026 - bringing the region's leading carbon market and climate policy forum to Hong Kong for the first time.

- Expecting 750+ attendees from across the market

Agenda will include sessions on:

- **CBAM & Regional Implications on Carbon Pricing**
- **Expansion of Voluntary Carbon Markets**
- **Advancing Article 6 and CORSIA Implementation**
- **Strengthening Regional Compliance Markets**
- **Unlocking Financing for High-integrity Carbon Projects**
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Financial Services and the Treasury Bureau
The Government of the Hong Kong Special Administrative Region
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THANK YOU!



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