Council of the European Union

Brussels, 17 December 2025
(OR. en)

16973/25
ADD 6

**Interinstitutional File:**
**2025/0419 (COD)**

**ECOFIN 1767**
**FISC 378**
**UD 314**
**ENV 1407**
**CLIMA 609**
**IA 236**

**COVER NOTE**

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| From: | Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director |
| date of receipt: | 17 December 2025 |
| To: | Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union |
| Subject: | Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2023/956 as regards the extension of its scope to downstream goods and anti-circumvention measures<br>- Regulatory Scrutiny Board opinion |

Delegations will find attached document SEC(2025) 989 final.

Encl.: SEC(2025) 989 final

EUROPEAN COMMISSION

Brussels, 10.10.2025
SEC(2025) 989 final

***REGULATORY SCRUTINY BOARD OPINION***

# Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2023/956 as regards the extension of its scope to downstream goods and anti-circumvention measures

{COM(2025) 989 final}
{SWD(2025) 987 final}
{SWD(2025) 988 final}
{SWD(2025) 989 final}

Ref. Ares(2025)8617408 - 10/10/2025

EUROPEAN COMMISSION
REGULATORY SCRUTINY BOARD

Brussels,
RSB

# Opinion

## Title: Impact assessment / Revision of the Carbon Border Adjustment Mechanism Regulation

## Overall opinion: POSITIVE WITH RESERVATIONS

**(A) Policy context**

The Carbon Border Adjustment Mechanism (CBAM) is a key instrument to ensure that EU's climate ambition is not undermined by carbon leakage. CBAM aims to ensure that imports are subject to a carbon price equivalent to that faced by domestic producers under the EU Emissions Trading System (EU ETS).

This initiative aims to mitigate the risk of downstream carbon leakage by extending the scope to also cover certain downstream products, deter CBAM avoidance practices and encourage the decarbonisation of electricity imports.

**(B) Key issues**

**The Board notes the additional information provided and commitments to make changes to the report.**

**However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the lead Service to rectify the following aspects:**

**(1) The dynamic baseline is not sufficiently developed regarding the main economic effects.**
**(2) The key impact of policy options, such as on prices, is not analysed with sufficient granularity. The robustness of underlying assumptions and of estimates is not sufficiently assessed.**
**(3) The monitoring and evaluation framework is not sufficiently developed, in particular regarding decarbonisation and administrative burden.**

This opinion concerns a draft impact assessment which may differ from the final version.

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**(C) What to improve**

(1) The baseline should be further developed. It should include a well-substantiated dynamic scenario depicting how the situation would evolve in the medium and long term in the absence of the policy intervention. This should include a clear explanation of how the baseline has been established in terms of ETS induced carbon prices, and pricing and quantities of goods produced and the related impact on downstream industries and consumers. The dynamic baseline should be quantified in order to allow to compare the main economic and environmental impacts of assessed policy options.

(2) The report should provide a more granular analysis on the impact of the intervention in terms of prices faced by consumers and downstream producers. The report should better explain how the estimated significant impacts in terms of emissions correspond to expected changes of quantities and prices of basic as well as downstream goods, for both EU consumers and downstream producers. The effects should be disaggregated in order to analyse impacts on various groups of goods and in turn on various groups of stakeholders, both consumers and downstream industries.

(3) Regarding electricity, the report should better analyse the impacts of the use of the average electricity mix of the exporting country in terms of the change of the incentves to decarbonise and resulting overall environmental impacts regarding the total emissions.

(4) The key assumptions and estimates, including prices and elasiticities, used in the JRC-GEM-E3 modelling should be spelled out for different points of time, and limitations and uncertainty of results of modelling assessed, especially in the light of this being a new kind of initiative for which limited empirical evidence is available on which to base estimates. The report should better explain the methodology behind the circumvention analysis and the assumptions used in modelling the impact of measures on the electricity sector. Furthermore, the report should improve the methodology regarding estimating administrative burden.

(5) The verification mechanism related to actual values for embedded emissions needs to be clearly spelled out and the related risks and costs analysed. The analytical approach which will be used to determine any future empowerments should be clearly described.

(6) The indicators included in the monitoring and evaluation framework should be more granular and specific, based on clearer expectations, to allow an evaluation of the intervention's effectiveness and efficiency. The monitoring framework, as presented in the report, does not provide sufficient detail on the data necessary for tracking the impacts of the intervention. More detail should be provided regarding data on administrative costs and on the changes of emissions of third country producers of goods and electricity.

(7) Comparison of options should be based on clear criteria regarding effectiveness in line with the corresponding specific objectives for each of the three areas. Regarding efficiency the comparison should use the estimated costs including administrative costs and be based on benefit-cost ratios where possible.

(8) The report, in particular the comparison of options chapter, needs to better explain how coherence with other relevant EU initiatives is to be ensured.

*Some more technical comments have been sent directly to the Lead Service.*

| **(D) Conclusion**<br>**DG TAXUD must revise the report in accordance with the Board's findings before launching the interservice consultation.** | |
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| Full title | Revision of the Carbon Border Adjustment Mechanism Regulation<br>Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2023/956 establishing a carbon border adjustment mechanism |
| Reference number | PLAN/2025/1238 |
| Submitted to RSB on | 17 September 2025 |
| Date of RSB meeting | 8 October 2025 |



Electronically signed on 10/10/2025 11:50 (UTC+02) in accordance with Article 11 of Commission Decision (EU) 2021/2121