



OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[USTR-2026-0661]

Request for Comments on the Effect of the European Union's Carbon Border Adjustment Mechanism and the Proposals to Expand Coverage on U.S. Trade.

AGENCY: Office of the United States Trade Representative.

ACTION: Request for comments.

SUMMARY: The Office of the United States Trade Representative (USTR) invites comments regarding the current and potential impact of the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM) on U.S. producers, including small- and medium-sized producers; workers; U.S. direct and indirect exports; and overall U.S. trade with the EU. Under CBAM, EU importers of products covered by the CBAM (covered products) in the aluminum, cement, electricity, fertilizer, hydrogen, and iron and steel sectors are required to declare information on carbon dioxide and other specified greenhouse gas emissions generated in the production of imported goods and to purchase CBAM certificates based on the amount of that embedded carbon. The EU began the full implementation of CBAM on January 1, 2026. The EU is also considering legislative proposals to expand CBAM coverage to downstream steel- and aluminum-intensive products. USTR is seeking comments on the impact of the CBAM on U.S. trade with the EU, as well as the potential impact of the EU's proposals to expand CBAM coverage. Such comments will help inform continued USTR and U.S. government engagement with the EU on CBAM.

DATES: The deadline for submission of comments is [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Submit written comments in response to this notice on [regulations.gov](https://www.regulations.gov).

Follow the instructions for submission in section III below. The docket number is USTR-2026-0661. For alternatives to online submissions, please contact Timothy Wedding, at twedding@ustr.eop.gov or (202) 395-6072.

FOR FUTHER INFORMATION CONTACT: Timothy Wedding, at twedding@ustr.eop.gov or (202) 395-6072.

SUPPLEMENTARY INFORMATION:

I. Background on the EU CBAM

The EU's CBAM is a carbon pricing mechanism that requires EU importers of covered products in the aluminum, cement, electricity, fertilizer, hydrogen, and iron and steel sectors to declare the embedded emissions (carbon dioxide and other specified greenhouse gas emissions generated in production) of the imported goods. Importers are then required to purchase CBAM certificates. The price of the certificates is based on the EU Emissions Trading System (ETS) allowance auction prices. According to the EU, the CBAM is intended to apply to imported goods a carbon price that is equivalent to the carbon price that EU producers pay under the ETS on domestically produced goods. To provide information on the embedded emissions generated in the production of imported goods, EU importers must either gather this information from foreign producers (*e.g.*, U.S. producers of covered products that are exported to the EU) or, when company-level data is not available, use EU-provided default values. The EU calculates the default values using country- and sector-level production and energy data to estimate the emissions intensity across countries and sectors. However, the EU adds a punitive mark-up that increases the overall values, in order to encourage the use of company-level data. CBAM requires that any company-level data provided must be verified by an EU-accredited third-party verifier.

The EU's CBAM legislation was enacted in 2023 (Regulation (EU) 2023/956).

Following a transition period, CBAM entered into full operation (the “definitive regime” or “definitive phase”) on January 1, 2026. While EU importers of covered products are not required to begin paying CBAM obligations until September 2027, all covered products that are imported on or after January 1, 2026 are accruing financial obligations based on their embedded emissions; and importers are required to, *inter alia*, maintain accurate records of embedded emissions per ton of product, carbon price already paid in the country of production, and supplier information. (For more information on the EU's CBAM, including the current product coverage, see https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en.)

In December 2025, the European Commission issued a legislative proposal to expand CBAM coverage to additional iron and steel products and a new sector of “combined metal products” that include over a hundred downstream steel- and aluminum-intensive goods. The Commission's proposal also included new anti-circumvention provisions. The Commission's *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* can be found here (see Annex 1 for the list of proposed products):

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025PC0989>.

In June 2026, the Council of the EU, and in September 2026, the European Parliament adopted their positions on the Commission's legislative proposal. Both the Council and the Parliament expanded the list of covered products beyond the Commission's proposal. The Council's position would add over 300 products, and the Parliament's position would add approximately 400 products to the existing CBAM covered products. The Council's *Draft 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 - General approach can be found here (see Annex 1 for the list of proposed products):

<https://data.consilium.europa.eu/doc/document/ST-10423-2026-INIT/en/pdf>.

The Parliament's *Amendments adopted by the European Parliament on 15 September 2026 on the 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)0989 – C10-0352/2025 – 2025/0419(COD))* can be found here::

https://www.europarl.europa.eu/doceo/document/TA-10-2026-0276_EN.html.

Before the proposals become adopted into law, the three EU institutions (the Commission, Council, and Parliament) will need to engage in “trilogue” negotiations to reconcile any difference in positions, and then formally approve the legislation, which may occur later this year.

II. Topics on Which USTR Seeks Information

USTR is seeking comments on:

(1) CBAM's **current impact** on the costs, regulatory burden, and access to the EU's market for U.S. producers, including small- and medium-sized producers; workers; direct and indirect exports; and overall trade with the EU;

(2) The **potential impact** of the EU's three proposals (the Commission, Council and Parliament proposals) to expand CBAM coverage to additional products on the costs, processes, and access to the EU's market for U.S. producers, including small- and medium-sized producers; workers, direct and indirect exports; and overall trade with the EU;

(3) Whether CBAM and the EU's three proposals (the Commission, Council and Parliament proposals) disadvantage, advantage, or have other impacts and potential impacts on U.S. companies as compared to EU companies or third-country companies; and

(4) Whether and what enforcement action may be appropriate to remedy any negative effects of CBAM.

Such comments may provide specific issues of concern or challenges related to complying with CBAM, economic analyses or data, and suggestions for changes to CBAM to address these issues. Such comments may identify whether or explain how CBAM acts as a trade barrier or limits opportunities in the EU market or provides advantages to EU companies. Such comments may also include specific products, trade values, loss of sales, impact on jobs, or other details to help USTR assess the impact of CBAM on U.S. producers, workers, exports, and overall trade with the EU. Such comments may also include information on the size of the producer (*e.g.*, whether the producer is a micro-, small- or medium-sized business), geographic location of production, and any other relevant information to help USTR assess the potential impacts of CBAM on U.S. producers, workers, and exports.

III. Submission Instructions

To be assured of consideration, submit your written comments by the [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER], 11:59 pm ET deadline. All submissions must be in English. USTR strongly encourages submissions via *Regulations.gov*, using the Docket Number USTR-2026-0661.

To submit via *Regulations.gov*, use Docket Number USTR-2026-0661 in the 'search for' field on the home page and click 'search.' The site will provide a search-results page listing all documents associated with this docket. Find a reference to this notice by

selecting ‘notice’ under ‘document type’ in the ‘refine documents results’ section on the left side of the screen and click on the ‘comment’ link.

Regulations.gov allows users to make submissions by filling in a ‘type comment’ field, or by attaching a document using the ‘upload file’ field. USTR prefers that you provide submissions in an attached document and note “see attached comments with respect to CBAM” in the ‘comment’ field on the online submission form. The first page of the submission should identify ‘Comments Regarding CBAM.’ USTR prefers submissions in Microsoft Word (.doc) or Adobe Acrobat (.pdf). If you use an application other than those two, please indicate the name of the application in the ‘type comment’ field.

You will receive a tracking number upon completion of the submission procedure at *Regulations.gov*. The tracking number is confirmation that *Regulations.gov* received your submission. Keep the confirmation number for your records. USTR is not able to provide technical assistance for *Regulations.gov*.

For further information on using *Regulations.gov*, please consult the resources provided on the website by clicking on ‘How to Use *Regulations.gov*’ on the bottom of the home page. USTR may not consider submissions that you do not make in accordance with these instructions.

If you are unable to provide submissions as requested, please contact Timothy Wedding, in advance of the deadline at twedding@ustr.eop.gov or 202-395-6072 to arrange for an alternative method of transmission. USTR will not accept hand-delivered submissions.

General information concerning USTR is available at <https://www.ustr.gov>.

IV. Business Confidential Information (BCI) Submissions

If you ask USTR to treat information you submit as BCI, you must certify that the information is business confidential and you would not customarily release it to the

public. For any comments submitted electronically containing BCI, the file name of the business confidential version should begin with the characters "BCI." You must clearly mark any page containing BCI with "BUSINESS CONFIDENTIAL" on the top of that page. Filers of submissions containing BCI also must submit a public version that will be placed in the docket for public inspection. The file name of the public version should begin with the character "P." Follow the "BCI" and "P" with the name of the person or entity submitting the comments.

V. Public Viewing of Review Submissions

USTR will post written submissions in the docket for public inspection, except properly designated BCI. You can view comments on *Regulations.gov* by entering Docket Number USTR-2026-0661 in the search field on the home page.

Amy Kreps,

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