

2026 CBAM Update- Carbon Emissions Transparency to Be Key Competitive Edge for Taiwanese Manufacturers



The EU has made partial adjustments to the implementation details of the Carbon Border Adjustment Mechanism (CBAM) and issued an official announcement in December 2025. Given that CBAM has now entered its officially announced implementation phase, businesses still face significant uncertainties regarding timelines, product coverage, required documentation, and various implementation details. These uncertainties leaves many struggling to navigate carbon emissions calculations and related reporting procedures. As a result, Fastener World's editorial dept. has compiled this overview for readers' reference, aiming to help businesses quickly understand: What needs to be done? How to proceed? Who is responsible? What should be noted?

Origin

The EU Emissions Trading System (EU ETS) has been implemented within the EU since 2005. This market-based mechanism aims to promote greenhouse gas emission reductions and decrease global carbon dioxide emissions. The system caps total greenhouse gas emissions for regulated entities, allowing them to buy or sell additional allowances within the cap. Entities must annually report emissions within their allocated allowances or face penalties. Free allowances allocated to EU operators under the ETS will decrease annually and phase out completely between 2026 and 2034. Despite years of ETS implementation, most non-EU countries lack comparable regulatory frameworks. To prevent carbon leakage, harmonize global decarbonization efforts, and ensure fair competition between EU enterprises and non-EU imports by aligning carbon costs, the EU enacted the CBAM legislation in 2023, which has taken effect since May of the same year.

Key Timeline for CBAM

The EU CBAM competent authority recognizes the significant variations in carbon emissions and industrial structures across countries. Upon the legislation's entry into force, a phased implementation schedule has been established to provide businesses with sufficient time to prepare and adapt.

Transition Period 10/01/2023-12/31/2025

Importers were only required to report direct carbon emissions (Scope 1) data from the supply chain end for imported goods “on a quarterly basis,” but were not obliged to “pay carbon fees or submit certificates.” The direct/indirect carbon emissions data covered in the declaration will be used solely for data collection prior to formal implementation and for establishing future carbon emissions calculation standards.

Implementation Period 01/01/2026~

Starting in 2026, importers must not only declare carbon emissions data but also purchase and submit certificates based on their emission volume (each certificate represents 1 metric ton of CO₂ emissions). EU Customs will also verify whether the CBAM Authorized Declarant Status has been obtained prior to product clearance. CBAM allowances will be issued starting February 1, 2027. Businesses must complete CBAM declarations and submit allowances for the entire 2026 year by September 30, 2027, at the latest. Violators face fines or import bans. Readers may wonder why certificates must be purchased and submitted starting early 2026, yet certificates become available only after February 1, 2027. This discrepancy arises because the “taxation year” for carbon fees and the “certificate submission/purchase year” are separate, similar to income tax calculation principles. Specifically, in 2026, carbon emission liabilities will be calculated cumulatively based on each importer's imports. Any carbon fees already paid in the country of origin (if applicable) will be deducted, with final settlement required by the end of September the following year. This approach prevents businesses from facing penalties while still operating and prevents importers from being forced to purchase credits based on inaccurate estimates deviating from actual values, which ensures accurate calculations and minimizes trade disruptions.





Reporting Requirements Following Formal Implementation in 2026

Unlike the quarterly reporting during the 2023-2025 transition period, starting in 2026, an “annual reporting” + “certificate submission” system will be adopted. Importers (who must obtain authorized declarant status within the EU) must submit the following when reporting:



1. Annual total imports of CBAM products by CN code
2. Actual emissions (Scope 1) and indirect emissions (Scope 2, phased in) from each production facility (Note: Direct carbon emissions (Scope 1): Greenhouse gases directly emitted during factory production processes, such as fuel combustion and calcination, including emissions from heating and cooling regardless of origin. Indirect carbon emissions (Scope 2): CBAM requires monitoring and calculation of carbon emissions resulting from electricity consumption during production, e.g., CO₂ emissions generated when power plants produce electricity.)
3. Emission Calculation Methodology
4. Amount of Carbon Price Paid in Country of Origin Eligible for Offset (Note: While Taiwan's competent authorities have engaged in framework discussions with the EU regarding CBAM carbon fee offsets, the EU has yet to finalize implementation details for mutual recognition. Clarity is anticipated after mid-2026).
5. Emissions report verified by an EU-approved third-party verification body (which must include: production facilities, product categories, corresponding annual emissions)
6. Third-party verification statement (detailing: verifier's identity and accreditation number, verification scope (product and facility specifics), verification conclusions)
7. Record of submitted CBAM certificates (including: number of certificates, corresponding annual emissions, certificate price)

(Note: EU importers (including their customs representatives) are exempt from reporting obligations if the cumulative net weight of imported goods in a specific calendar year does not exceed 50 metric tons.)

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Reporting Channel

All carbon emissions declarations must be submitted exclusively through the EU CBAM online declaration system (CBAM Registry). Only importers within the EU and their designated indirect customs agents may submit declarations and certificates online for subsequent review by EU authorities. Manufacturers themselves are NOT permitted to submit declarations directly online.

How are Carbon Emissions Calculated?

Taking the items (falling within CN code 7318) most relevant to the fastener industry as an example: Carbon emissions calculations for fasteners must include “embedded emissions from upstream steel production (accounting for approx. 70-90%)” and “direct emissions from manufacturing processes (cold/hot forging, heat treatment, surface treatment, fuel combustion) + indirect emissions from electricity consumption.” Although fastener process-related emissions are relatively lower compared to the steel refining, they must still be included in the calculation. Currently, the most common approaches in use are direct emission formulas, or applying the EU default values (which may increase future costs).



Carbon intensity per ton of fasteners (tCO₂/ton) =

$$\left(\text{Raw steel emissions} + \text{direct process emissions} + \text{indirect electricity emissions} \right) \div \text{fastener production volume}$$

(currently excluded from calculation)

*Raw steel emissions = steel consumption × steel carbon emission factor (factor can be provided by steel mills)

*Process direct emissions = fuel consumption × emission factor (Natural gas: approx. 2.75 kgCO₂e/Nm³; diesel: approx. 2.68 kgCO₂e/L)

*Electricity-related indirect emissions = electricity consumption (kWh) × electricity emission factor (kgCO₂e/kWh) (Refer to Taipower's official annual factors)

(Note! Currently, CBAM certificate calculations only account for direct emissions, with indirect emissions reported for informational purposes only. However, if direct emissions data is unusually low, additional reporting of indirect emissions or the use of default values may be required.)

The total export tonnage multiplied by the carbon intensity per ton of fasteners (tCO₂/ton) yields the number of certificates required.

(Note: Decimal places are rounded up; certificate prices are calculated based on the weekly closing average price of EU ETS allowances.)



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WHAT? *What If Direct Emission Data Cannot be Provided?*

If the declarant cannot provide actual emissions data or verifiable supplier emissions data, or if estimated or modeled data is used (which may require third-party verification), the reporting system will automatically apply the default values published by the EU for calculation purposes (which typically results in higher costs and requires companies to purchase more allowances). Furthermore, according to the EU's latest announcement in December 2025, if the emission data provided by the declarant is deemed unreliable by the authorities, national or category default values may be mandatorily applied for calculation. Starting in 2026, CBAM default values will be calculated by weighting total emissions by 10% based on country, increasing to 20% in 2027, and applying a 30% weighting from 2028 onwards.

The following outlines the default carbon emission values for the EU's top five fastener import sources (Taiwan, China, Türkiye, Vietnam, India). Among these 5 major import origins, the average default values are ranked from highest to lowest as follows: India, Turkey, China, Taiwan, Vietnam.

▼ EU's Top 5 Major Import Origins



▼ CN Code and Descriptions

7318 11 00 Coach screws of iron or steel	7318 16 Nuts of iron or steel
7318 12 10 Wood screws of stainless steel (excl. coach screws)	7318 19 00 Threaded articles, of iron or steel, n.e.s.
7318 12 90 Wood screws of iron or steel other than stainless (excl. coach screws)	7318 21 00 Spring washers and other lock washers, of iron or steel
7318 13 00 Screw hooks and screw rings, of iron or steel	7318 22 00 Washers of iron or steel (excl. spring washers and other lock washers)
7318 14 10 Self-tapping screws, of stainless steel (excl. wood screws)	7318 23 00 Rivets of iron or steel (excl. tubular and bifurcated rivets for particular uses)
7318 14 91 Spaced-thread screws of iron or steel other than stainless	7318 24 00 Cotters and cotter pins, of iron or steel
7318 14 99 Self-tapping screws of iron or steel other than stainless (excl. spaced-thread screws and wood screws)	7318 29 00 Non-threaded articles, of iron or steel
7318 15 Threaded screws and bolts, of iron or steel, whether or not with their nuts and washers (excl. coach screws and other wood screws, screw hooks and screw rings, self-tapping screws, lag screws, stoppers, plugs and the like, threaded)	

TAIWAN

Product CN Code	Default Value (direct emissions)	Default Value (indirect emissions)	Default Value (total emissions)	2026 Default Value (including mark-up)	2027 Default Value (including mark-up)	2028 and onwards Default Value (including mark-up)
7318 11 00	2,707	N/A	2,707	2,978	3,249	3,519
7318 12 10	2,707	N/A	2,707	2,978	3,249	3,519
7318 12 90	2,707	N/A	2,707	2,978	3,249	3,519
7318 13 00	2,707	N/A	2,707	2,978	3,249	3,519
7318 14 10	2,707	N/A	2,707	2,978	3,249	3,519
7318 14 91	2,707	N/A	2,707	2,978	3,249	3,519
7318 14 99	2,707	N/A	2,707	2,978	3,249	3,519
7318 15	2,707	N/A	2,707	2,978	3,249	3,519
7318 16	2,707	N/A	2,707	2,978	3,249	3,519
7318 19 00	2,707	N/A	2,707	2,978	3,249	3,519
7318 21 00	2,707	N/A	2,707	2,978	3,249	3,519
7318 22 00	2,707	N/A	2,707	2,978	3,249	3,519
7318 23 00	2,707	N/A	2,707	2,978	3,249	3,519
7318 24 00	2,707	N/A	2,707	2,978	3,249	3,519
7318 29 00	2,707	N/A	2,707	2,978	3,249	3,519



CHINA

Product CN Code	Default Value (direct emissions)	Default Value (indirect emissions)	Default Value (total emissions)	2026 Default Value (including mark-up)	2027 Default Value (including mark-up)	2028 and onwards Default Value (including mark-up)
7318 11 00	2,738	N/A	2,738	3,012	3,286	3,559
7318 12 10	7,005	N/A	7,005	7,706	8,406	9,107
7318 12 90	2,738	N/A	2,738	3,012	3,286	3,559
7318 13 00	2,738	N/A	2,738	3,012	3,286	3,559
7318 14 10	7,005	N/A	7,005	7,706	8,406	9,107
7318 14 91	2,738	N/A	2,738	3,012	3,286	3,559
7318 14 99	2,738	N/A	2,738	3,012	3,286	3,559
7318 15	6,375	N/A	6,375	7,013	7,650	8,288
7318 16	5,045	N/A	5,045	5,550	6,054	6,559
7318 19 00	2,738	N/A	2,738	3,012	3,286	3,559
7318 21 00	2,738	N/A	2,738	3,012	3,286	3,559
7318 22 00	4,555	N/A	4,555	5,011	5,466	5,922
7318 23 00	2,738	N/A	2,738	3,012	3,286	3,559
7318 24 00	2,738	N/A	2,738	3,012	3,286	3,559
7318 29 00	2,738	N/A	2,738	3,012	3,286	3,559

TÜRKIYE

Product CN Code	Default Value (direct emissions)	Default Value (indirect emissions)	Default Value (total emissions)	2026 Default Value (including mark-up)	2027 Default Value (including mark-up)	2028 and onwards Default Value (including mark-up)
7318 11 00	2,832	N/A	2,832	3,115	3,398	3,682
7318 12 10	5,690	N/A	5,690	6,259	6,828	7,397
7318 12 90	2,832	N/A	2,832	3,115	3,398	3,682
7318 13 00	2,832	N/A	2,832	3,115	3,398	3,682
7318 14 10	5,690	N/A	5,690	6,259	6,828	7,397
7318 14 91	2,832	N/A	2,832	3,115	3,398	3,682
7318 14 99	2,832	N/A	2,832	3,115	3,398	3,682
7318 15	5,430	N/A	5,430	5,973	6,516	7,059
7318 16	3,790	N/A	3,790	4,169	4,548	4,927
7318 19 00	2,832	N/A	2,832	3,115	3,398	3,682
7318 21 00	2,832	N/A	2,832	3,115	3,398	3,682
7318 22 00	3,430	N/A	3,430	3,773	4,116	4,459
7318 23 00	2,832	N/A	2,832	3,115	3,398	3,682
7318 24 00	2,832	N/A	2,832	3,115	3,398	3,682
7318 29 00	2,832	N/A	2,832	3,115	3,398	3,682

VIETNAM

Product CN Code	Default Value (direct emissions)	Default Value (indirect emissions)	Default Value (total emissions)	2026 Default Value (including mark-up)	2027 Default Value (including mark-up)	2028 and onwards Default Value (including mark-up)
7318 11 00	2,350	N/A	2,350	2,585	2,820	3,055
7318 12 10	3,090	N/A	3,090	3,399	3,708	4,017
7318 12 90	2,350	N/A	2,350	2,585	2,820	3,055
7318 13 00	2,350	N/A	2,350	2,585	2,820	3,055
7318 14 10	3,090	N/A	3,090	3,399	3,708	4,017
7318 14 91	2,350	N/A	2,350	2,585	2,820	3,055
7318 14 99	2,350	N/A	2,350	2,585	2,820	3,055
7318 15	2,750	N/A	2,750	3,025	3,300	3,575
7318 16	2,960	N/A	2,960	3,256	3,552	3,848
7318 19 00	2,350	N/A	2,350	2,585	2,820	3,055
7318 21 00	2,350	N/A	2,350	2,585	2,820	3,055
7318 22 00	2,410	N/A	2,410	2,651	2,892	3,133
7318 23 00	2,350	N/A	2,350	2,585	2,820	3,055
7318 24 00	2,350	N/A	2,350	2,585	2,820	3,055
7318 29 00	2,350	N/A	2,350	2,585	2,820	3,055



INDIA

Product CN Code	Default Value (direct emissions)	Default Value (indirect emissions)	Default Value (total emissions)	2026 Default Value (including mark-up)	2027 Default Value (including mark-up)	2028 and onwards Default Value (including mark-up)
7318 11 00	4,270	N/A	4,270	4,697	5,124	5,551
7318 12 10	5,770	N/A	5,770	6,347	6,924	7,501
7318 12 90	4,270	N/A	4,270	4,697	5,124	5,551
7318 13 00	4,270	N/A	4,270	4,697	5,124	5,551
7318 14 10	5,770	N/A	5,770	6,347	6,924	7,501
7318 14 91	4,270	N/A	4,270	4,697	5,124	5,551
7318 14 99	4,270	N/A	4,270	4,697	5,124	5,551
7318 15	5,720	N/A	5,720	6,292	6,864	7,436
7318 16	5,140	N/A	5,140	5,654	6,168	6,682
7318 19 00	4,270	N/A	4,270	4,697	5,124	5,551
7318 21 00	4,270	N/A	4,270	4,697	5,124	5,551
7318 22 00	5,140	N/A	5,140	5,654	6,168	6,682
7318 23 00	4,280	N/A	4,280	4,708	5,136	5,564
7318 24 00	4,270	N/A	4,270	4,697	5,124	5,551
7318 29 00	4,270	N/A	4,270	4,697	5,124	5,551



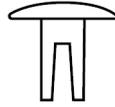
Which Third-Party Verification Bodies for CBAM are Recognized by the EU?

Although CBAM declarations require declarants to submit third-party verification statements, the EU has yet to publish a complete list of officially approved verification bodies. According to CBAM implementation rules, CBAM verification bodies must obtain EU accreditation and possess greenhouse gas verification capabilities such as ISO 14065. Currently, publicly available entities offering CBAM verification, pre-verification, or verification preparation services include Applus+ Certification, RINA, TÜV SÜD, etc. (Note: These entities are not yet EU-recognized). Other verification bodies already accredited under the EU ETS or ISO frameworks (e.g., DNV, SGS, Bureau Veritas, Intertek) may potentially gain recognition as verification bodies in the future. The complete list of accredited bodies is expected to be published in the CBAM Registry system for declarants to verify after Q3 2026.

Conclusions

The implementation rules for CBAM will gradually be finalized over the coming months. As a result, companies will have less room for speculation or ambiguity when submitting their declarations. It is recommended that companies promptly establish their own CBAM carbon emissions databases to prepare for future official audits. Additionally, while default emission values for countries like Taiwan appear relatively advantageous compared to the other major import origins, relying on default values for reporting will inevitably increase the cost and risk of purchasing credits in the future, as opposed to using actual emission data. Companies are advised to proactively assess their own and their upstream suppliers' actual carbon emissions. If calculations indicate poor carbon reduction performance, they should promptly identify a more cost-effective and competitive solution. This will position carbon reduction as a key factor enabling Taiwanese businesses to expand market opportunities in the EU and globally. ■

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