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The EU relies on import regulations and levies

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The EU makes extensive use of import regulations and levies.

The Carbon Border Adjustment Mechanism (CBAM) is fully implemented from January 2026, ending a transitional period of reporting obligations. Starting with imports from January 2026, importers of CBAM-covered goods into the EU are required to surrender CBAM certificates equivalent to the embedded emissions (emissions released during the production of goods). Just prior to this, on December 17, 2025, the European Commission published implementing regulations on the methods for calculating emissions embedded in goods and on the establishment of default values. It also proposed a regulation on the extension of the scope of CBAM to downstream goods (assembled goods) of steel from January 2028. CBAM applies to six goods: cement, electricity, fertilizers, iron and steel, aluminum, and hydrogen. In its report on the application of the CBAM regulation, the European Commission stated that, as a first step, based on the proposals made at the end of 2025, extension to downstream products will be proceeded in 2026 and 2027, and that as a second step, extension to chemicals and polymers (plastics) will be considered in 2027, but this is one to two years behind the original schedule of the CBAM Regulation. During discussions on the 2040 climate target up until early November 2025, the effective implementation of CBAM and extension to downstream goods were made conditions from the perspective of protecting industry, and so there was a rush to present a draft regulation by the end of the year.

According to UN Comtrade (United Nations Commodity Trade Statistics Database), of the 2.6 trillion euro import value of the EU from other regions in 2024, mineral fuels account for 19.1%, electrical equipment 13.8%, machinery 11.5%, vehicles 5.6%, organic chemicals 4.0%, plastics 2.5%, apparel (knitted or crocheted) 1.7%, and apparel (not knitted or crocheted) 1.6%. 48% of electrical equipment, 35% of machinery, 28% of apparel, 27% of organic chemicals, and 25% of plastics are exported from China.

Imports of mineral fuels are subject to the Regulation on the Reduction of Methane Emissions in the Energy Sector (Methane Regulation). Under the Methane Regulation, from January 1, 2027, importers must demonstrate and report that the contracts concluded on or after August 4, 2024 for the supply of crude oil, natural gas, or coal produced outside the EU cover only natural gas and other fuels subject to monitoring, reporting, and verification (MRV) measures applied at the level of producer that are equivalent to those in the EU Methane Regulation. Furthermore, by August 5, 2028, and every year thereafter, for the supply contracts concluded on and after August 4, 2024, importers are required to report the methane intensity of the production of natural gas and other fuels. Furthermore, by August 5, 2030, and every year thereafter, importers of natural gas and other fuels under supply contracts concluded after August 5, 2030, must demonstrate that the methane intensity is below the maximum methane intensity values. As the EU increases its imports of U.S. LNG to replace gas from Russia, the European Commission, aimed at the Energy Council meeting scheduled for December 15, 2025, proposed "solutions for a simple and predictable implementation" for complex cases, such as in the U.S., where different supplies of gas and oil are mixed for transport. The proposal calls for a third-party verification "certification" method and a "trace-and-claim" method that assigns volumes of fuels a digital ID, which is attached to all oil and gas purchase and sale contracts. However, the United States has reportedly circulated a document before the Energy Council requesting that U.S. methane emission regulation be considered equivalent to the EU methane regulation and that the reporting of U.S. emissions data under the EU methane regulations be postponed until October 2035. While the Energy Council supported the "pragmatic implementation" approach/solutions proposed by the European Commission, discussions with the United States remain unresolved.

Regarding plastics, on December 23, 2025, the European Commission announced measures to ensure a fair market and competition as part of a pilot for boosting the circularity of plastics. In response to reports that virgin plastics are being sold at lower prices as "recycled" in order to meet EU targets, the Commission will implement the following measures in 2026: (1) amending the regulation for food contact materials to introduce stricter documentation requirements for imported recycled plastics, (2) conducting audits on the enforcement of recycling installations operating outside the EU, and (3) monitoring plastic imports under a newly created Import Surveillance Task Force and introducing protective measures if necessary.

Regarding apparel, on December 12, 2025, the Economic and Financial Council agreed to levy a 3-euro customs duty on small parcels valued at less than 150 euros from July 1, 2026, in response to the influx of parcels, largely of e-commerce fast fashion. Prior to this, on November 13, the Economic and Financial Council agreed to abolish the rule allowing goods worth under 150 euros to be imported without customs duties, with the new rule to be applied from 2028. At the same time, it made a commitment to work towards a simple, temporary solution to levy customs duties on such goods as soon as possible in 2026. However, the application of the 3-euro tariff was brought forward as France, Italy, and other countries indicated moves to introduce national-level levies from 2026.

The reasons behind the EU's recent frequent use of the above-mentioned import regulations and levies include the fact that the EU's industrial and competitiveness policies have not produced results, and that, following the US import tariff hikes, products that were intended to be exported to the US are now flowing into the EU.

However, import regulations and levies are likely to face several challenges soon. Regarding relations with countries outside the EU, as mentioned above, the Methane Regulation is a major source of conflict between the US and the EU. Conflicts also remain with various countries regarding the CBAM. When the CBAM was fully implemented on January 1, 2026, a spokesperson for China's Ministry of Commerce responded to a question by stating that the series of proposed and implementing regulations related to the CBAM announced by the EU in December 2025 constitutes unfair and discriminatory treatment of China, and that China would resolutely take all necessary measures. Within the EU, aluminum product manufacturers and agricultural fertilizer users have expressed concerns and opposition over rising prices and reduced supplies of inputs. Farmers have expressed strong opposition due to the expected increase in cheap agricultural product imports following the signing of the EU-Mercosur (Southern Common Market) Free Trade Agreement. At an extraordinary meeting of agriculture ministers on December 7, ahead of the Council of the EU meeting on December 9, 2025, which was planned to discuss the EU-Mercosur Free Trade Agreement, the European Commission proposed suspending tariffs on ammonia, urea and other fertilizers in order to lower fertilizer prices, and announced that it would issue guidance on a new measure that would allow for a temporary suspension of CBAM on fertilizers and other goods. However, suspending the application of CBAM to fertilizers would also open Pandora's box. We are already seeing moves both within and outside the EU to tighten and loosen import regulations and levies.

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