

# CBAM Carbon Price Deduction: Compliance, Not Price, Is the Real Challenge for Exporters

The EU Carbon Border Adjustment Mechanism is entering its financial phase. For exporters, the key question is no longer whether carbon costs exist, but whether they can prove them at product level.

Business insight prepared by VTI Energy | 2026

CBAM is moving from a reporting exercise into a cost and compliance framework. Carbon prices paid outside the EU may reduce CBAM liabilities, but only where companies can provide robust evidence, product-level emissions data and verifiable documentation.

## Visual 1 - China-EU carbon price gap

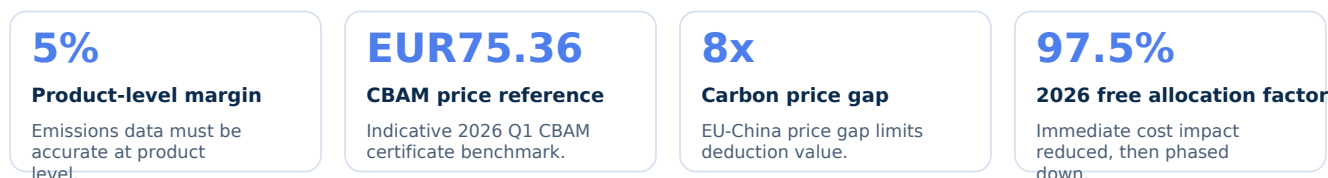


## 1. What has changed?

The EU CBAM is designed to ensure that imported carbon-intensive goods face a carbon price comparable to EU production. During the transitional phase, importers mainly reported embedded emissions. From the definitive phase, CBAM turns into a financial and documentary obligation for covered goods.

The important development is the treatment of carbon prices paid in third countries. In principle, such payments may be deducted from CBAM costs. In practice, deduction depends on evidence: the carbon price must be real, attributable to the relevant goods, and supported by acceptable records.

## 2. Four numbers explain the issue



## 3. Why deduction is not a simple discount

A common misunderstanding is that CBAM deduction works like a tax discount. It does not. Exporters and EU importers need a defensible data chain that connects carbon payments, embedded emissions and specific products placed on the EU market.

- Carbon price evidence: payment records, certificates or official documentation must show that a carbon price was effectively paid.
- Product-level emissions: data must be mapped from raw materials, energy use and production processes to the exported product.
- Third-party verification: evidence needs to be credible and verifiable, particularly for high-impact sectors.
- Electricity evidence: power-related emissions require grid emission factors, renewable electricity evidence and traceability.

## 4. Sector implications

| Sector                            | CBAM impact                                                                                               | Main compliance challenge                                                          |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Steel</b>                      | High exposure due to carbon-intensive production and significant EU trade flows.                          | Product-level emissions, process route, carbon payment evidence and verification.  |
| <b>Aluminium</b>                  | Potentially the strongest cost pressure because electricity intensity and embedded emissions can be high. | Electricity sourcing, renewable power evidence and product-level data.             |
| <b>Cement</b>                     | Relevant cost impact, especially where process emissions are material.                                    | Reliable clinker/cement emissions data and production process evidence.            |
| <b>Fertilisers</b>                | Important but sector-specific, with sensitivity around agricultural inputs.                               | Process emissions, default values and documentation consistency.                   |
| <b>Electricity &amp; hydrogen</b> | Technically complex due to power-system and methodology issues.                                           | Grid factors, renewable electricity traceability and accepted calculation methods. |

### Visual 2 - CBAM exposure by sector



## 5. Green electricity traceability becomes strategic

CBAM is not only about carbon price. It is also about the quality of emissions evidence. For electricity-related emissions, annual or monthly green power claims may not be enough where the EU requires more granular evidence of actual low-carbon electricity use.

This creates a practical gap for exporters: many companies may purchase renewable electricity or certificates, but still struggle to prove the timing, location and production linkage required for CBAM-related documentation.

## 6. What exporters should prepare now

### Step 1 - Carbon asset review

Map product carbon footprints, carbon price payments and available certificates.

### Step 2 - Low-carbon improvement

Reduce emissions intensity through renewable electricity, energy efficiency and process upgrades.

### Step 3 - Compliance system

Build a data platform, verification workflow and EU importer document pack.

### How VTI Energy can support

VTI Energy helps exporters and EU importers turn fragmented carbon, electricity and production data into a coherent documentation package.

Support areas include CBAM cost interpretation, EU carbon market explanation, renewable electricity evidence, EAC / GoO / I-REC sourcing support and client-facing compliance materials.

Source note: This article is a business-oriented interpretation based on publicly available CBAM policy information and market commentary. Companies should confirm final requirements against official EU regulations and sector-specific guidance before making compliance decisions.

Key references: European Commission CBAM information page; European Commission CBAM certificate pricing page; European Commission consultation on carbon prices paid in third countries; publicly available market commentary on CBAM certificate pricing and sector impacts.

Disclaimer: This material is for general information only and does not constitute legal, tax, investment or financial advice.