

# The carbon-price *converter*: a stakeholder's atlas to Brussels' fine print

*A draft EU regulation will decide how much of the carbon a foreign producer already paid for can be deducted from the CBAM bill — and who gets to vouch for the receipt.*

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BRIEFING · 10 STAKEHOLDERS · 10 CHARTS · 15-MIN READ

RESEARCH  
PARTNERSHIP

CarbonSig Research × Carbon Finance Labs

*Independent reading of Commission Implementing Regulation (draft, Ref. Ares(2026)4841230)*

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**F**or three years the European Union has been building a carbon wall around its single market. The Carbon Border Adjustment Mechanism, or CBAM, will from 2026 charge importers of steel, cement, aluminium, fertiliser, hydrogen and electricity the same carbon price that European factories already pay. The principle is simple: no free ride. The practice, less so.

A foreign producer who has already coughed up for a carbon tax at home should not pay twice. But how should Brussels count those foreign payments? Which schemes qualify? What of rebates, free allowances and offsets? And who, exactly, will sign the receipt?

The draft Commission Implementing Regulation circulated on 13 May 2026 attempts an answer. Below, what it means for ten distinct constituencies — and ten ways of looking at it.

#### BOTTOM LINE

The draft does three things at once. **First**, it sets the maths for converting a foreign carbon bill into fewer CBAM certificates. **Second**, it polices what counts: only mandatory taxes or trading schemes, with rebates netted out and offsets capped at 10%. **Third**, it appoints the referees — independent verifiers accredited by national bodies, working off a single English-language template lodged in an EU registry.

The deduction is generous in spirit, narrow in evidence. **Producers who measure precisely will save real money. Those who guess will pay the gross sticker.**

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**5%**

MATERIALITY  
THRESHOLD

Permitted gap  
between scheme  
emissions and  
CBAM emissions

**10%**

OFFSET CAP

Maximum Article 6  
international  
credits per  
installation

**5 yr**

ACCREDITATION  
TERM

Validity of a  
verifier's  
accreditation  
certificate

**2026**

APPLIES FROM

1 January — for  
emissions released  
onward

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# The machinery, in one picture

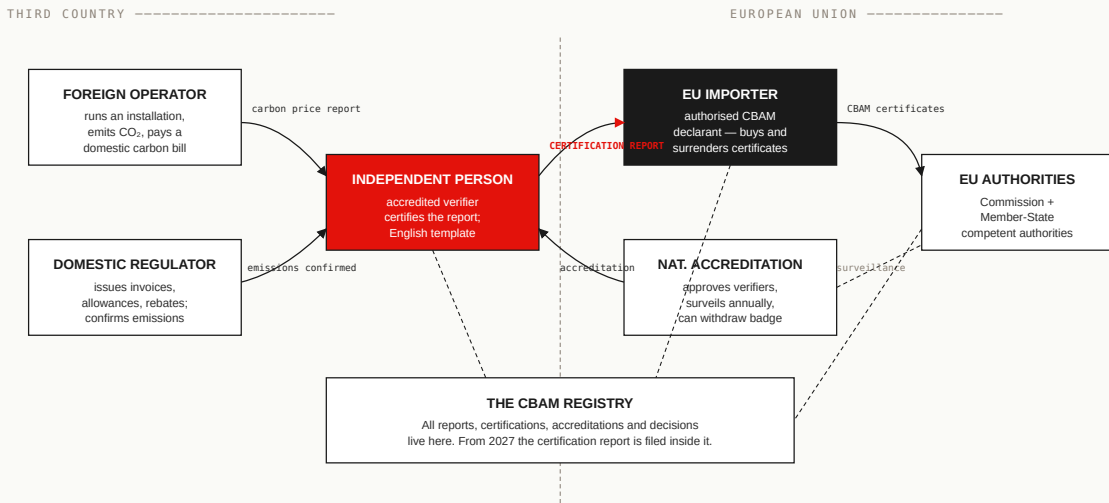
Five parties, one piece of paper, one number that matters: how many CBAM certificates the importer must surrender.

FIG. 01

RELATIONSHIPS / MECHANICS

## Who hands what to whom

The chain of trust that lets a Chinese steel mill's tax payment shrink an EU importer's certificate bill.



Solid lines = documents that move. Red line = the only piece of paper that actually reduces an importer's bill. Dashed lines = oversight and registry filings.

SOURCE: CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · ANALYSIS OF DRAFT REGULATION, ARTICLES 7-18

## Ten constituencies, ten different problems

*A single 33-page regulation refracts very differently depending on where you stand. Below, what each group needs to read first.*

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### 01

EU IMPORTER

## The authorised CBAM declarant

EU-BASED IMPORTERS OF STEEL, CEMENT, ALUMINIUM, FERTILISER, HYDROGEN, ELECTRICITY

*Your bill shrinks only if your supplier proves payment. No certified report, no deduction — pay the gross sticker.*

#### WHAT CHANGES

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You may claim a reduction in CBAM certificates to be surrendered equal to the carbon price effectively paid abroad, converted to euros at the published yearly average rate, divided by the CBAM reference price.

#### WHAT TO DO MONDAY

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- Ask suppliers for their carbon price report in the EU template, in English
- Insist they engage an EU-accredited independent person
- If actual values aren't available, accept the default price — but expect a bigger bill
- Diary the 5% materiality threshold; assume any larger gap is yours to pay

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# 02

FOREIGN  
OPERATOR

## The third-country producer

MILLS, SMELTERS, REFINERIES, CEMENT KILNS OUTSIDE THE EU  
EXPORTING TO IT

*Sloppy carbon books cost your customer money — and therefore cost you customers.*

### WHAT CHANGES

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You must produce a standardised carbon price report (Annex II) in English, attribute emissions to each good, and submit to certification by an EU-accredited verifier. Embedded emissions must be on actual values; only then does an actual price deduction unlock.

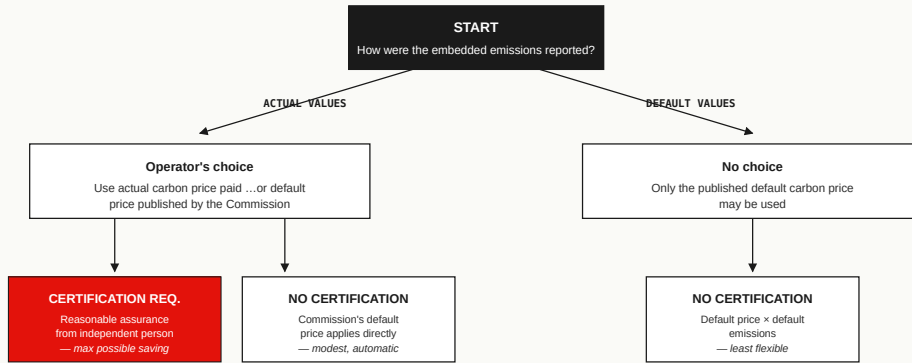
### THE SQUEEZE

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- Rebates, free allowances and indirect-cost compensation are netted out
- Domestic offsets count without quality criteria; international ones must be Article 6 Paris credits, capped at 10%
- Differences greater than 5% between scheme emissions and CBAM emissions trigger non-certification
- If your verifier loses accreditation, you start over

## Two doors — actual or default

*The single most important fork in the regulation: only operators who report on actual emissions can claim an actual price.*



*Read: The deduction one can claim is bounded by the data one chose to report. Article 4 lets default carbon prices fill in for precursors and indirect emissions even on the actual-values path.*

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · ANALYSIS OF ARTICLES 3–4 OF DRAFT

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# 03

FOREIGN  
GOVERNMENT

## The third-country regulator

CARBON-PRICING AUTHORITIES IN CHINA, UK, SOUTH KOREA, CANADA  
AND ELSEWHERE

*Brussels has just written the eligibility rules for your scheme —  
and they're stricter than you may have thought.*

### WHAT COUNTS

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A carbon price mechanism qualifies only if it is binding, applies to all operators in covered sectors without discrimination, takes the form of a tax/levy/fee or a tradeable allowance, and confirms emissions through verification or formal regulator sign-off.

### WHAT DOESN'T

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- Voluntary schemes
- Refunds and indirect cost compensation, unless reinvestment-style and openly granted
- International offsets beyond the 10% cap, unless authorised under Paris Article 6
- Free allowances that aren't transparently recorded

## The independent person

ACCREDITED VERIFICATION BODIES – A NEW LINE OF BUSINESS IS BORN

*A profitable, jurisdictionally awkward new specialism: physical site visits in faraway places, paid for by foreign firms, supervised by a single national body.*

### THE JOB

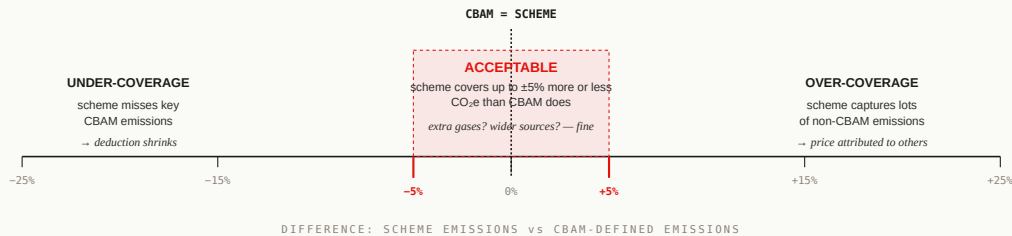
Issue a "reasonable assurance" certification — high but not absolute — that the operator's carbon price report is free of material misstatement. Apply EN ISO/IEC 17029:2019. Provide reports in English, on a Commission template, via the CBAM registry from 2027.

### THE CONSTRAINTS

- Materiality threshold: 5% of effective carbon price per CN code
- Cannot certify if upstream verification report is missing or unaccredited
- One certification per installation, per period — no overlapping certifiers
- Five-year accreditation, annual surveillance, withdrawal for fraud

## The 5% latitude — and what falls outside it

*A pragmatic concession: small mismatches between a foreign scheme's emissions and CBAM's emissions are tolerated. Larger ones are not.*



**The clever bit:** *Brussels recognises that foreign schemes may include extra GHGs or emission sources. Up to 5% mismatch is forgiven; beyond that, the certifier must attribute carbon price to only those emissions in CBAM scope.*

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · RECITAL 7 OF DRAFT

# 05

ACCREDITATION  
BODY

## The national accreditation body

DAKKS, UKAS-EQUIVALENT EU BODIES, COFRAC AND THEIR PEERS

*Heavier workload, new sector, identical-to-verifier accreditation: efficient in theory, congested in practice.*

### WHAT CHANGES

You must accredit certifiers for a new scope of accreditation (Annex III), conduct on-site visits and witness audits, run annual surveillance, and exchange standardised data with competent authorities and the Commission via the CBAM registry.

### SOFT LANDINGS

- Bodies already peer-evaluated under Reg. (EU) 2025/2551 may skip a fresh evaluation for up to four years
- Same legal person can verify both emissions and carbon price — efficient bundling
- Withdrawals required for fraud, intentional concealment, persistent breach

# 06

EU  
AUTHORITIES

## The Commission and member-state agencies

DG TAXUD, DG CLIMA, NATIONAL CBAM COMPETENT AUTHORITIES

*A registry, a reference price, a default price, and a duty to publish exchange rates. The plumbing is yours to operate.*

### WHAT YOU MUST PUBLISH

- Yearly default carbon prices per third country (Art. 9(5) basis)
- Yearly average exchange rates from ECB/Eurostat data
- Yearly reference price of CBAM certificates
- Electronic templates for the operator's report and certifier's report

### WHAT YOU MUST POLICE

Review CBAM declarations under Art. 19(2). Share results with accreditation bodies — they treat your findings as complaints triggering Article 23 process. Effective oversight depends on registry hygiene and timely information exchange.

FIG. 04

FORMULA / MECHANICS

## The arithmetic of relief

*How a euro of foreign carbon tax becomes a fractional CBAM certificate.*

$$\begin{array}{c} \text{FROM CERTIFICATION REPORT} \\ \downarrow \\ \text{\textit{\textcolor{red}{€ effective price per tonne}}} \\ \hline \text{€ CBAM reference price per tCO}_2\text{e} \\ \downarrow \\ \text{PUBLISHED YEARLY BY COMMISSION} \end{array} = \begin{array}{c} \text{DECLARED QUANTITY} \\ \downarrow \\ Q_g \text{ tonnes of good imported} \end{array} \times$$

*Reduction*  
*CBAM certificates not owed for good g*

*More foreign price paid ⇒ fewer EU certificates owed. The denominator is the EU's own carbon price index.*

**Note the asymmetry:** *If the foreign price exceeds the EU reference price, the reduction can in principle exceed the CBAM bill — but the regulation does not pay refunds for over-coverage.*

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · ARTICLE 6 OF DRAFT

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# 07

EU PRODUCER

## The EU domestic producer

EUROPEAN STEELMAKERS, CEMENT PLANTS, ALUMINIUM SMELTERS,  
FERTILISER GROUPS

*CBAM was sold as your level playing field. This regulation determines how level it actually becomes.*

### REASONS TO CHEER

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Foreign carbon price evidence is held to a high bar: actual values, accredited certifier, English template, rebates netted out. Sloppy reporting from competitors hands them no relief, and they still pay the gross sticker.

### REASONS TO WORRY

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- Sophisticated foreign rivals (e.g. UK ETS firms) may secure near-full deductions — a near-zero CBAM tariff
- The 10% offset cap recognises some international credits; ETS-credit equivalence narrows the gap
- Producers gaming "free allowance" or rebate definitions risks asymmetric audit attention

## The carbon-credit and offset community

VERRA, GOLD STANDARD, ARTICLE 6.4 SUPERVISORY BODY, NATIONAL CREDITING SCHEMES

*The EU has just minted a new use-case for Article 6 credits — and a hard ceiling on it.*

### WHAT CHANGES

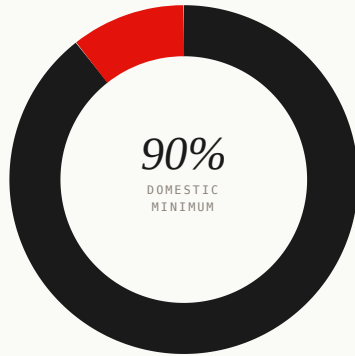
Credits surrendered under a third-country compliance scheme count toward the carbon price paid, but only domestic credits or international credits authorised under Article 6.2 or 6.4 of the Paris Agreement as "internationally transferred mitigation outcomes" (ITMOs).

### THE 10% CAP

- International credits limited to 10% of confirmed emissions per installation
- Voluntary VCM credits unauthorised by host governments do not count
- Baseline-and-credit ETS credits treated as equivalent to ETS allowances
- Implication: a fast premium will emerge for Article 6-authorised, CBAM-eligible credits

## 90/10 — the offset rationing

A foreign producer's "carbon price paid" can include international credits, but only up to 10% of confirmed emissions. The other 90% must come from domestic abatement or allowances.



■ **Domestic compliance**

Allowances surrendered, taxes paid, credits from domestic projects. No quality criteria imposed.

■ **International credits (max 10%)**

Must be Paris Article 6.2 or 6.4 ITMOs. No voluntary-market credits qualify. Hard cap per installation.

Why? Brussels wants foreign producers to decarbonise their own operations, not outsource the work to offset projects.

**Practical effect:** Producers in jurisdictions with weak ETS coverage but liberal offset rules — Indonesia, Brazil, parts of the Gulf — will see the smallest deduction relative to what their domestic carbon bill suggests.

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · RECITAL 13 OF DRAFT

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# 09

DOWNSTREAM  
BUYER

## The downstream EU buyer

CONSTRUCTION FIRMS, CAR-MAKERS, FABRICATORS, RETAILERS BUYING  
CBAM-AFFECTED MATERIALS

*CBAM's price flows down the supply chain. The cleaner the foreign supply, the less you pay at the tail.*

### WHAT CHANGES

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Indirectly, your input costs will reflect not only foreign carbon prices but also the quality of foreign carbon documentation. Suppliers that cannot present a certified carbon price report will be passing the gross CBAM bill on to you.

### THE 2ND ORDER

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- Procurement teams will demand the certification report alongside the bill of lading
- Premium for "CBAM-clean" suppliers — those with strong domestic ETS and documentation
- Audit-quality differentials between suppliers become a price signal
- Consolidation pressure on small foreign suppliers without certifier access

## The climate and trade-policy community

ENVIRONMENTAL NGOS, TRADE-POLICY ANALYSTS, WTO WATCHERS,  
DEVELOPING-COUNTRY NEGOTIATORS

*A regulation written to survive a WTO challenge — and to drive Article 6 markets — with predictable equity tensions.*

### WHERE TO LOOK

The non-discrimination language (Recital 8), the rebate-and-subsidy carve-outs (Article 8(2)), and the WTO-sensitive treatment of indirect cost compensation. The 5% materiality threshold and 10% offset cap may become flashpoints with India, Brazil and China.

### EQUITY QUESTIONS

- Will small LDC exporters get certifier coverage at reasonable cost?
- Article 6 favours countries with crediting infrastructure
- "Reinvestment-in-decarbonisation" subsidies remain creditable — generous to mature ETS jurisdictions, less so to developing economies still building schemes
- The single-language (English) report requirement adds a soft barrier to entry

*“ The deduction is generous in spirit, narrow in evidence. Brussels has built a door — but you must show a passport, a visa and a notarised letter of invitation to walk through it. ”*

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## Five further *readings* of the same text

The remaining charts examine rebate treatment, accreditation chains, cost stacks for an illustrative tonne, the procedural calendar, and the system-level ripples.

FIG. 06

RULES / CARVE-OUTS

### What counts against the carbon price — and what doesn't

Article 8 lists rebates and compensations that reduce the claimable price, with one important exception.

NETTED OUT — REDUCES CLAIMABLE PRICE	DOES NOT REDUCE — FULL CREDIT
<p><b>Reduced tax rate under a carbon tax/levy/fee</b> <i>a discount on the headline rate counts against you</i></p>	<p><b>Reinvestment subsidies for decarbonisation</b> <i>IF: scheme-funded, all-eligible, public, abatement-aimed</i></p>
<p><b>Free allowances received</b> <i>emissions covered by free allowances are deducted</i></p>	<p><b>Compensation requested and rejected</b> <i>if the operator proves a denied claim, no netting</i></p>
<p><b>Baseline-and-credit free emissions</b> <i>below-baseline emissions count as untaxed</i></p>	<p><b>Compensation never requested</b> <i>operator must prove non-request; no automatic netting</i></p>
<p><b>Monetary refunds and partial compensation</b> <i>cash back of any form, including indirect-cost relief</i></p>	<p style="border: 1px dashed gray;"><b>Compensation entitled but unprovable</b> <i>no evidence of amount — no deduction allowed at all</i></p>
<p><b>Sectoral exemptions or carve-outs</b> <i>emissions explicitly exempted from the scheme</i></p>	<p><b>Compensation officially due but unpaid</b> <i>official maximum amount taken into account anyway</i></p>

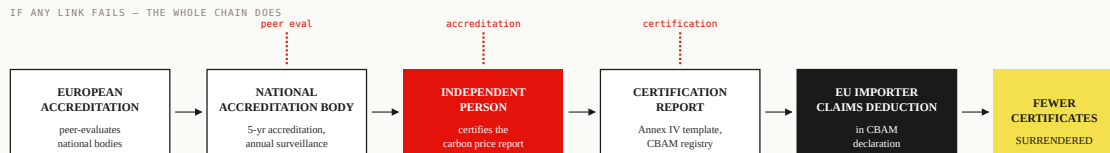
SOURCE: ARTICLE 8 AND RECITALS 14–15

The cleverest carve-out: *"Reinvestment subsidies"* are spared so long as they look like EU ETS modernisation funds. This insulates EU-style designs while squeezing simpler tax-and-rebate schemes elsewhere.

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · ARTICLE 8 OF DRAFT

## The chain of trust

*Every claim about a carbon price ultimately depends on whether the European Accreditation peer-evaluation regime worked.*



*Each upstream tier supervises the next. Suspension or withdrawal at any link voids downstream reports.*

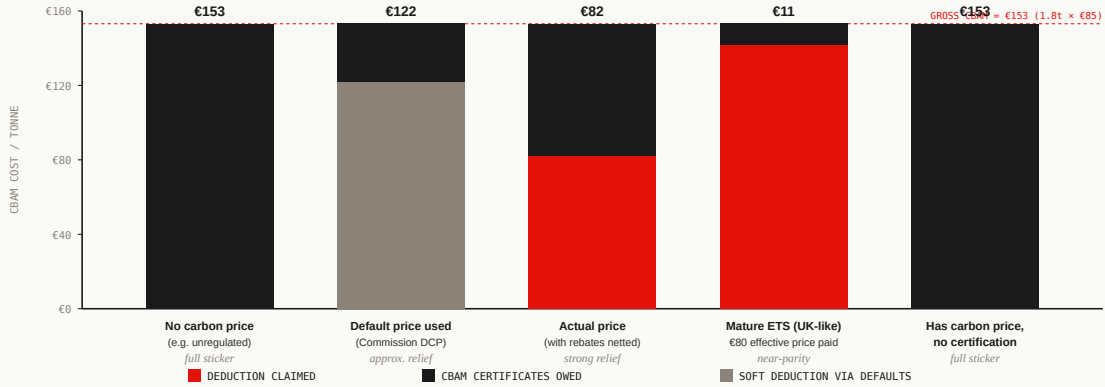
A complaint from EU authorities is auto-treated as a formal Article 23 complaint against the verifier.

**Practical risk:** *A verifier whose accreditation lapses takes down every operator's report in its pipeline. The same legal person may verify both emissions and price — efficient, but a single point of failure.*

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · ARTICLES 19–24, RECITAL 25 OF DRAFT

## A tonne of steel — five regimes, five bills

An illustrative comparison of CBAM cost (per tonne) for steel from five origin types, assuming EU reference price of €85/tCO<sub>2</sub>e and embodied emissions of 1.8 tCO<sub>2</sub>e/t.

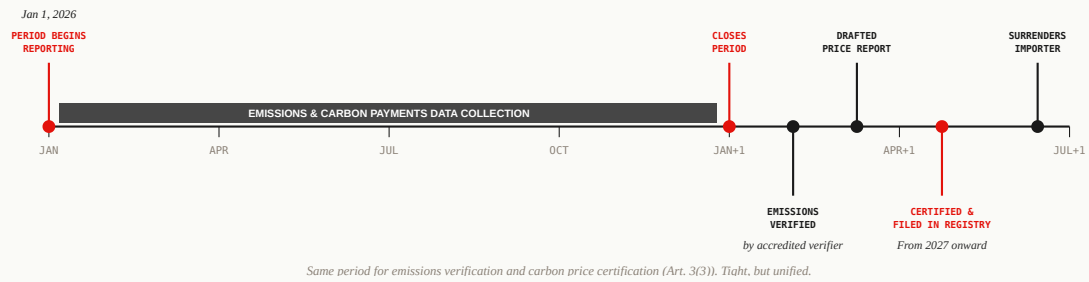


The lesson: Documentation quality, not the existence of a carbon price, drives the EU bill. A producer in a serious-ETS country who can't get a certification report pays as much as a producer in an unregulated jurisdiction. Numbers illustrative.

SOURCE: CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · ILLUSTRATIVE MODEL, DRAFT REGULATION ARTICLE 6

## A producer's calendar

*Twelve months in the life of a foreign producer hoping to shrink an EU importer's bill.*

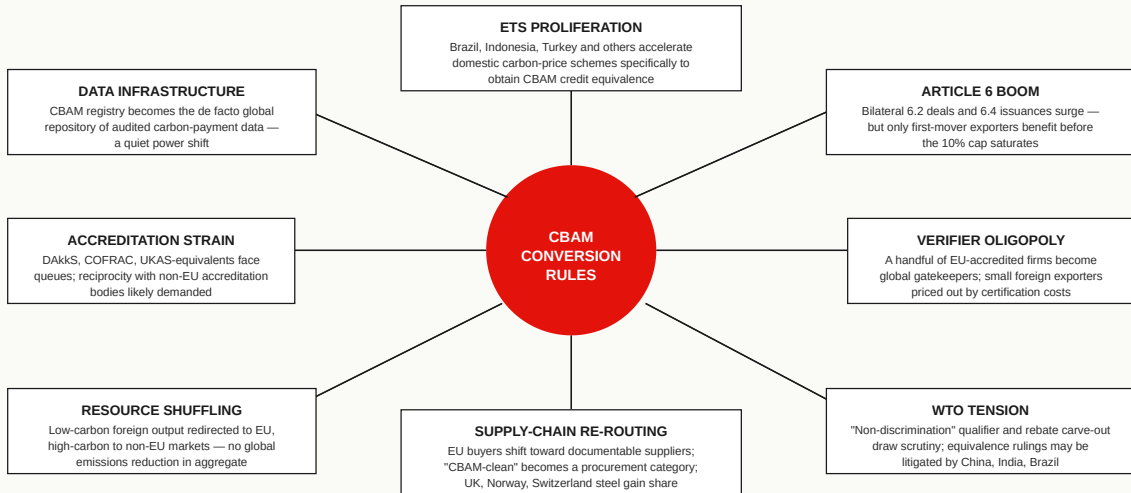


**Operational realism:** *Foreign producers must maintain payment evidence in parallel with emissions data — payments and emissions must be reconciled on the same reporting period.*

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · ARTICLE 3(3) OF DRAFT

# The ripples

Five domains where the conversion rules will produce effects the drafters likely did anticipate, and a few they may not have.



The deepest ripple: *by making documentation the operative variable, the regulation creates an asymmetric advantage for jurisdictions and firms with EU-compatible audit cultures. Carbon outcomes follow paper trails.*

**SOURCE:** CARBONSIG RESEARCH IN COLLABORATION WITH CARBON FINANCE LABS · SYSTEM-LEVEL ANALYSIS

## A regulation about *receipts*, not emissions

**T**he draft is, properly understood, an evidentiary instrument. It does not change which gases warm the planet, nor which countries decarbonise first. It changes which producers can present a piece of paper that an EU customs official will accept as proof of carbon paid.

That sounds bureaucratic. It is. But the bureaucracy is the policy. By specifying the template, the language, the certifier's accreditation chain, the materiality threshold, the rebate carve-outs and the offset cap, Brussels has determined who wins the deduction race — and they are, broadly, jurisdictions and firms most resembling the EU itself.

For the foreign producer, the message is plain: build your documentation now, or pay the gross sticker. For the EU importer, vet your suppliers' paperwork before signing the bill of lading. For everyone else, the rules are public, the templates standardised, and the deadlines firm.

The draft becomes binding from 1 January 2026. The Commission has invited stakeholder evidence through a Better Regulation call. Comments, presumably, in English.

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## ABOUT THIS BRIEFING

This is an independent reading of the draft Commission Implementing Regulation circulated 13 May 2026. The draft has not been adopted by the European Commission. Any views expressed are preliminary and may be revised before adoption.

The draft applies from 1 January 2026 once adopted. It supplements *Regulation (EU) 2023/956* on CBAM, *Implementing Regulation (EU) 2025/2547* on calculating embedded emissions, and *Delegated Regulation (EU) 2025/2551* on verifier accreditation.

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13 May 2026

European Commission draft  
Implementing Regulation  
under Article 9(5) of  
Regulation (EU) 2023/956

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