The CBAM Policy Tool

What the EU's carbon border charge will cost exporters, and which lever cuts it

For dirty goods most of the EU's border charge arrives in 2026. Verified data, cleaner production and a domestic carbon price can each cut it, but the right lever differs by product: for Egypt, data cut the charge on steel by about 90 percent and on urea by 13 percent.

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The EU's border charge is large, and for dirty goods most of it arrives in the first year

€107

per tonne of Turkish hot-rolled steel in 2026, declared at the EU default value

€252

per tonne at full phase-in (2034), 46% of its 2025 import price of €549

42%

of the final charge is already due in 2026: the phase-in only shields emissions up to the EU benchmark

Since January 2026 EU importers of steel, aluminum, cement, fertilizers, hydrogen and electricity owe certificates for embedded emissions; importers below 50 tonnes a year are exempt. A July 2026 proposal (not adopted) would end the phase-in in 2038, cutting the 2034 charge to €236.

Source: Reg. (EU) 2023/956 and 2025/2083; Impl. Reg. 2025/2620 and 2025/2621; Dir. 2023/959; COM(2026) 616. €80/tCO_2, stylized. Working paper 6.2, Table 3.

Exporting governments control three levers on the bill

Verified data. Without them the EU applies a country default plus a mark-up of 10% in 2026 rising to 30% from 2028 (1% for fertilizers).

Cleaner production. Every tonne of CO_2 cut per tonne of product saves the certificate price.

A domestic carbon price. A price "effectively paid" is deducted one for one, and the money stays at home.

But a rebated price earns nothing. The draft rules net off rebates and emissions below a baseline, so a feebate gets no deduction.

Source: Reg. (EU) 2025/2083, Art. 9; Impl. Reg. 2025/2621; draft implementing regulation Ares(2026)4841230, Arts 6 and 8.

The tool turns the rules into a product-by-product, year-by-year bill a ministry can check

Emissions from the bottom up: fuel for heat, fuel as reductant or feedstock, process CO_2, other gases and, for cement and fertilizers, electricity.

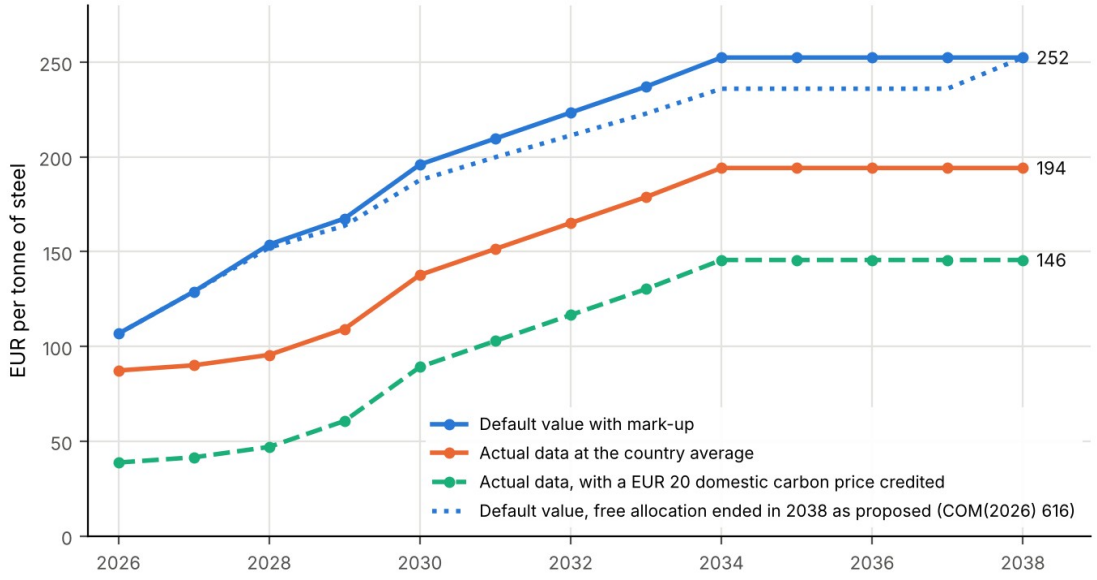
Against the EU default: where the estimate is below the marked-up default, filing data pays.

The charge each year: certificate price × emissions above the benchmark share still allocated free, less the deducted domestic price.

A domestic price's effect, split: with €20 and a 10% cut in intensity the charge falls by a third, two-thirds of it from the deduction.

Source: Working paper 6.2, Method (five equations). Estimates are technology averages, not plant data.

Verified data and a €20 domestic price each cut the charge on Turkish steel by about €50 a tonne



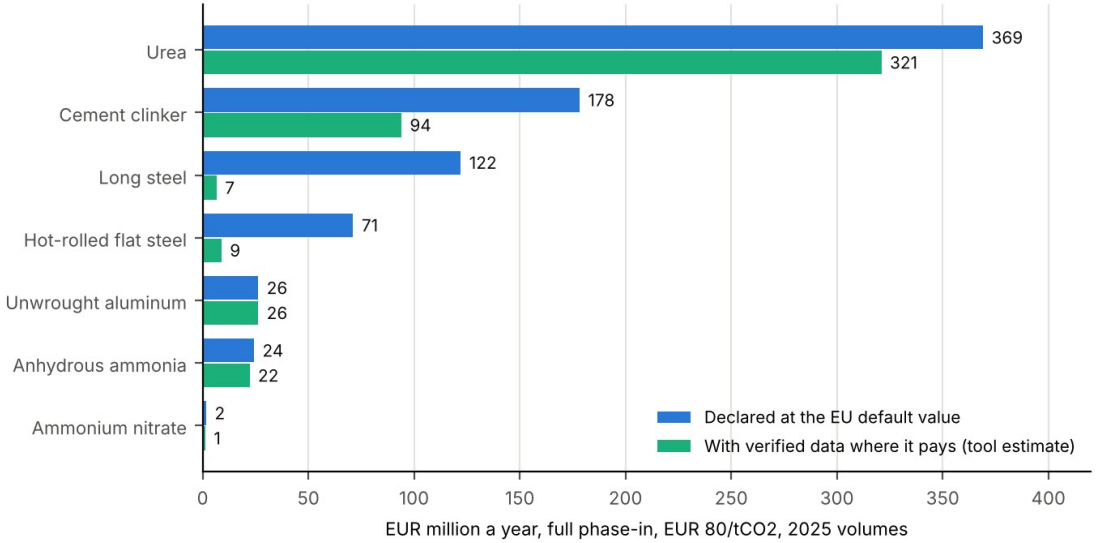
Turkish hot-rolled steel, €80/tCO_2, full phase-in: €252 at the default; €194 with data at the country average; €146 with data and a €20 domestic price. Dotted: the July 2026 proposal.

Source: Commission default values (Feb 2026 workbook); Eurostat Comext; working paper 6.2, Figure 1.

€58 a tonne: what a plant at the country average saves by filing data.

€127 million a year: moved home by a €20 price on three Turkish goods, 2025 volumes.

In Egypt, verified data would cut the charge on steel by about 90 percent, but on urea by only 13 percent



Steel: €193m to €16m. No Egyptian default, so the "other countries" value of about 4 tCO_2/t applies.

Clinker: €178m to €94m.

Urea, the largest: €369m to €321m. The default is close to what plants emit.

Seven Egyptian exports, full phase-in, €80/tCO_2, 2025 volumes: €793 million a year at default values, €480 million with verified data where it pays. Illustrative tool results, not official estimates.

Source: CBAM Policy Tool, Egypt application (corrected); Commission default values; Eurostat Comext. Working paper 6.2, Table 4.

Egypt's steel estimate is uncertain, but verification pays at any plausible value

Gas-based steel route (tCO_2/t)	Steel charge with verified data, 2025 (€m)	Same, 2024 volumes (€m)
0.73: tool, current version	16	47
1.63: tool, earlier version	31	97
1.94: EU default for Iran (CN 7208)	36	115
EU default for Egypt ("other countries", with mark-up)	193	476

Part of the saving may be routing: a firm with both routes can send only scrap-based steel (0.16 tCO_2/t) to the EU. Measuring by country and sector removes that gain (Brief 1.4).

Source: Working paper 6.2, Table 6; Commission default values; Eurostat Comext. EU imports of Egyptian hot-rolled steel fell from 696 kt (2024) to 169 kt (2025).

Getting the accounting right changed the largest line in the Egypt results

Urea: the CO_2 it carries counts as emitted, because it is released when urea is spread on fields. Estimate 0.49 → 1.22 tCO_2/t.

Ammonium nitrate: both nitrogen atoms come from ammonia. Estimate 1.53 → 1.93.

Volumes: Eurostat's recorded trade replaces the tool's own estimates (urea 1,600 kt → 3,286 kt).

Result: charge at defaults €595m → €793m; with verified data €177m → €480m; urea goes from the best case for data to the worst.

Source: Impl. Reg. (EU) 2025/2547, Annex II point B.8.2; IPCC 2006, Vol. 4, ch. 11.4; working paper 6.2, Appendix A.

The tool measures exposure, not incidence, and the rules are still moving

Technology averages, not plant data: the estimate shows where to pilot verification; the 30% mark-up is the margin for error.

No trade model: it does not say who bears the charge or where trade diverts.

Rules in flux: the deduction rule is still a draft; default values are revised in 2027 at the latest; a July 2026 proposal would end free allocation in 2038.

Not a compliance calculator: firms' obligations follow their own verified declarations.

Source: Working paper 6.2, Objections and limits; Impl. Reg. 2025/2621, Art. 2; COM(2026) 616.

What to do

What the tool shows

Early: for dirty goods most of the charge is due from 2026.

Levers: data €58/t, a €20 price €49/t on Turkish steel.

By product: Egypt steel −90% with data; urea −13%.

Rules matter: a rebated price or feebate earns no deduction.

Actions

Ministries: run the numbers per product; verify where defaults are far above emissions.

Where they are not: abatement, or a domestic price that keeps the charge at home.

2027 revision: bring documented estimates; engage on the default carbon price.

Commission: credit price signals; measure by country and sector (Briefs 1.4, 6.1).