Carbon Border Adjustment Mechanism (CBAM)

EU CBAM Regulation – Increasing market competition between exporters

At the end of 2025 the EU has taken decisive steps to streamline and strengthen the Carbon Border Adjustment Mechanism (CBAM). As **detailed default values were published on 30 December 2025 on increased values** – exporters need to pay close attention to their EU market position. CBAM formally entered its **definitive phase on 1 January 2026**, introducing payment obligation for the embedded emissions of the CBAM goods in case the importer exceeds the new 50-tonne per year mass-based exemption.

From 2026 onward, exporters are required to provide the necessary product and emissions data to importers, enabling authorised CBAM declarants to comply with their obligations, purchase and surrender CBAM certificates at the lowest necessary amount.

Besides new default values, the European Commission published the long-awaited **CBAM Implementing Acts** set out – between others – the detailed verification standards required to use actual emissions data. Non-EU exporters now face increasing commercial pressure to decarbonise and provide proper actual values.

Looking ahead, businesses and partner countries will need to adapt to both the simplified obligations from the October Omnibus regulation and the strengthened compliance and scope enhancements proposed in December 2025.

The mechanism is expected to evolve further through implementing acts, delegated acts, and additional EU legislative initiatives (e.g. extending the scope to downstream products), aiming at ensuring CBAM's effectiveness against carbon leakage while supporting competitiveness and international cooperation.

***Disclaimer**: The provided information is as of June 2026.

1 Short recap, what is CBAM?

CBAM places a carbon price on the EU import of certain goods to ensure that products with similar carbon footprints are treated consistently, regardless of the place of manufacture. CBAM initially applies to imports of carbon-intensive products in these sectors: **Cement, Iron & Steel, Aluminium, Electricity, Fertilisers, and Hydrogen.**

The financial impact is based on the greenhouse gas emissions embedded in the production of these goods outside the EU. To comply, EU importers must submit an annual CBAM declaration and surrender CBAM certificates, priced in alignment with the established procedures of the EU Emissions Trading System (EU ETS). For non-EU exporters, this means that they need to provide reliable and verifiable actual emissions data to the EU customers to minimise the CBAM payment obligation and maintain **competitive access to the European market.**

2 Key CBAM updates from exporter perspective

1 New default values

Determination and structure

The European Commission based the default values on the average of the 10 highest-emitting exporting countries. The new structure determines default values by country of origin.

Higher amounts than expected

The 2026 default values are generally higher that the default values of the transitional period.

Upscaling values

The legislation includes mark-ups for the next years, meaning continuous increase of payment obligation if default values are used.

2 Key Considerations for Exporters

Exporters who calculate and provide actual emissions data can gain competitive advantage in the EU market.

If actual data is not available, the EU importers may pay higher charges based on default values, which increases costs and reduces competitiveness.

3 Calculating Actual Embedded Emissions

The adaption to EU-aligned methodologies for calculating embedded emissions is required. Alternative calculation methods will no longer be applicable.

A comprehensive measurement and calculation system must be established:

- Former GHG calculation needs to be improved (if applicable).
- New data-collection processes
- Operational changes to meet reporting standards.

4 Verification of Embedded Emissions

Actual emissions data **must be verified** by an accredited verifier; default values do not require verification.

Importers can declare **already verified actual emissions data** in their annual report.

Actual emissions data must be provided in sufficient detail and reliability so that it can be credibly **verified by an independent, accredited third party**.

Verification creates **additional cost on** CBAM.

Making CBAM part of your business

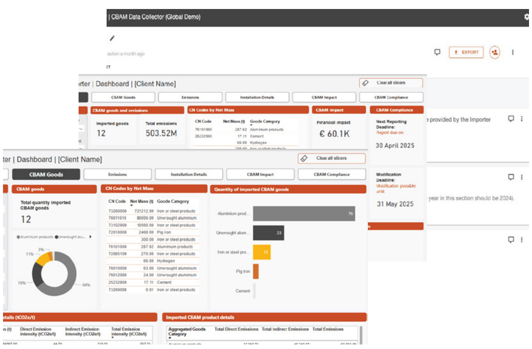
Navigating the compliance with the CBAM regulation can be complex - but you don't have to do it alone. As Customs, CBAM, and trade consultants managing the Global Centre of Excellence within PwC for CBAM, we're here to guide companies through every step of the compliance.

3 How we support Vietnamese exporters

Vietnamese exporters face several challenges under CBAM, the requirement to provide **accurate, verifiable emissions data** to their EU customers/importers applied from 2026 onward.

Immediate actions	**Capacity building**	• Translate the complex regulatory obligations into simple actions for the exporters (e.g communications templates) • Upskill about CBAM requirements, updates, and reporting preparation.
Immediate actions	**Data collection & controls**	• Determine the overlap between the existing GHG calculations and the EU ETS methodology • Benchmark GHG data maturity: verification, audit, investor-readiness • Review and develop processes, controls related to data collection, quality, access, and analysis. • Identify types of calculations needed for CBAM . • Determine the missing information and necessary modifications in calculation
Immediate actions	**Embedded emission calculation**	• Support with the extensive calculation methodology to determine actual emission values (based on EU ETS methodology). • The CBAM reporter can be expanded with a calculation module, allowing the supplier to simply provide embedded emission data.
Immediate actions	**Data verification**	• Prepare for data verification through upskilling to deliver creditable actual data • Active assistance in communication with the customers (EU importers) and accredited CBAM verifiers.
Strategic actions	**Reporting Landscape**	• Identify key value drivers, enablers, constraints, barriers & ambitions (with timelines) for mandatory and voluntary reporting. • Assess across reporting ecosystem to identify areas of overlap and synergies in data collection, management & analysis. • Link reporting ambitions to company sustainability policy, action plans.
Strategic actions	**Governance**	• Build a responsible supply chain governance and accountability structure across functional teams: designate responsible person(s), integrate carbon emission-related risks into the company's enterprise risk management framework • Alert Board of Directors to emerging Sustainability disclosure requirements and risks.
Strategic actions	**Decarbonisation**	• Broader discussions to mitigate GHG emissions across the value chain • Identify decarbonisation options, aiming to low-embedded emission goods

CBAM Reporter is a structured digital accelerator to help streamline and automate your CBAM reporting obligations



Contact us for the demo

Key functions of the CBAM Reporter:

- Offer a calculation module, allowing the supplier to simply provide embedded emission data
- Automated collection and integration of emissions data from various sources, including suppliers and producers.
- Monitoring of requests, suppliers' responses and progress of data collection.
- Automated preparation and submission of quarterly CBAM reports.
- Data visualisation of all collected information.

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