

CBAM call for evidence part 3/3 (Art 9)

Response to the call for evidence on carbon price paid in a third country – September 2025

This is Sandbag's response to the call for evidence on carbon price paid in a third country under Article 9 of the CBAM regulation.

The subsidy-tracing challenge

Article 9 of the CBAM Regulation stipulates that CBAM declarants may claim a reduction in the number of CBAM certificates to be surrendered in order to take into account the carbon price paid in the country of origin. "The reduction may be claimed only if the carbon price has been **effectively paid** in the country of origin. In such a case, **any rebate or other form of compensation** available in that country that would have resulted in a reduction of that carbon price shall be taken into account."

A reduction from CBAM charges is justified by the fact that a carbon price paid in the country of origin reduces the difference in carbon costs (and related competitive disadvantage) between EU producers covered by the EU ETS, and third-country exporters.

However, for the carbon price to be effectively paid by an entity for the imported goods, the payment must **not be claimable** by the entity or its owners towards other achievements such as **corporate carbon neutrality** outside the scope of the goods covered.

Rebates and compensation granted by third-country authorities should naturally be counted against such reduction. However, for production plants having to pay for their emissions, State compensation can take many forms, including support for the wider companies owning those facilities. Such support might even be systemic in the case of state-owned enterprises (SOEs). The CBAM deduction should take into account all forms of compensation, including subsidies benefiting entities belonging to the same owners but **outside the strict scope of the facilities paying for emissions**.