

Ayrshire Chamber

What you need
to know
CBAM

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What is CBAM?

The Carbon Border Adjustment Mechanism (CBAM) is a regulatory measure introduced by the European Union (EU) to prevent carbon leakage and encourage greener global trade practices. By applying a carbon price to imported goods, CBAM ensures that products entering the EU face similar carbon costs to those produced within the EU. This helps level the playing field, reducing incentives for businesses to relocate production to countries with lower environmental standards.

The British Chambers of Commerce (BCC) supports UK businesses in understanding and complying with CBAM regulations through its CBAM Consultancy Service. This service provides exporters and importers with the tools and guidance needed to navigate these evolving requirements.

Why CBAM Matters for UK Businesses

CBAM primarily affects EU importers, but UK exporters play a key role in the compliance process. From 1 January 2026, under the Definitive Regime, EU importers must calculate and declare the embedded emissions of in-scope goods and are financially liable for those emissions. This means UK suppliers must ensure they can:

- Accurately calculate and report embedded carbon emissions in their products
- Provide verified data covering both direct and indirect emissions
- Support EU importers with compliance to avoid delays, penalties, or additional costs
- Without the necessary data, UK businesses risk losing competitive access to the EU market as buyers turn to suppliers who can provide compliant emissions information.

Get expert support for CBAM compliance – Contact us today

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How CBAM Works

CBAM applies to carbon-intensive industries, including iron & steel, cement, aluminium, fertilisers, electricity, and hydrogen. The compliance process has moved through two stages:

- 2023–2025 (Transitional Phase): EU importers were required to submit quarterly emissions reports.
- From 1 January 2026 (Definitive Regime): Importers must calculate and report embedded emissions and are subject to financial CBAM liability.
- From 2027: CBAM certificates will be available for purchase from early 2027 to cover emissions from 2026 imports.
- By 2027, the UK is expected to introduce its own CBAM regulations, making it even more important for businesses to prepare now.

How UK Exporters Can Calculate CBAM Emissions

To comply with CBAM, UK exporters must assess the total embedded carbon emissions of their products, including both direct and indirect emissions.

Direct emissions originate from on-site production activities, such as fuel combustion in manufacturing processes, emissions from chemical reactions, or the generation of heat and steam required for production. Indirect emissions come from energy consumption, particularly electricity purchased from external providers. Even if the emissions occur elsewhere (e.g., in power plants supplying electricity), they still contribute to the overall carbon footprint of the exported goods.

Additionally, any carbon tax or emissions cost already paid within the supply chain should be documented and reported.

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Impact on UK Exporters & EU Importers

For UK exporters, ensuring compliance with CBAM is crucial to:

- Calculate and declare the embedded emissions of imported CBAM goods annually
- Purchase CBAM certificates (from 2027 onwards) to cover emissions from 2026 imports and subsequent years
- Submit sufficient CBAM certificates annually to settle their declared liability

UK exporters have a commercial responsibility to provide accurate emissions data to their EU customers. Without verified information, they risk increased compliance costs, trade delays, or reduced market access in the EU.

EU imports are legally required to:

- Submit quarterly emissions reports until full implementation in 2026
- Purchase CBAM certificates from 2026 onwards to offset the embedded carbon cost of imported goods

How the BCC's CBAM Consultancy Service Can Help

The BCC's CBAM Consultancy Service, helps UK businesses understand, prepare for, and comply with CBAM regulations. Through this service, businesses receive:

- Expert-led assessments to evaluate their carbon impact
- Remote consultancy to establish a CBAM reporting framework

By proactively addressing CBAM compliance, businesses can minimise trade risks, maintain seamless EU market access, and position themselves for future regulatory changes.

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