

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 July 2024, EU importers must use actual emissions data instead of default values when calculating the carbon footprint of imported goods. 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 involves three key stages:

- 2023-2025 (Transitional Phase): EU importers must submit quarterly reports detailing the carbon footprint of imported goods.
- July 2024: Actual emissions data must replace estimated default values wherever possible.
- 2026 (Definitive Phase Begins): Importers must purchase CBAM certificates to account for any emissions not covered by a carbon price in the country of origin.
- 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:

- Providing verified emissions data so that EU importers can meet their reporting obligations
- Maintaining access to EU markets without trade disruptions
- Preparing for similar UK regulations expected to take effect in the coming years

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
- On-site or remote consultancy to establish a CBAM reporting framework
- Specialist software solutions to track and manage emissions data

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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