

Carbon border adjustment mechanism (CBAM)

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Regulation (EU) [2023/956](#)

What is changing and why?

The European Union (EU) is implementing a new rule called the carbon border adjustment mechanism (CBAM) to discourage European companies from moving their production of goods contributing to high levels of carbon emissions outside of the EU. This rule is aimed at countries where environmental standards may be lower. The new mechanism does not apply to agricultural and food products.

CBAM specifically targets imported goods in certain industries: electricity, cement, aluminium, fertilisers, and iron and steel products. Under this mechanism, importers of these goods will be required to purchase CBAM certificates. These certificates are equivalent to the carbon price that would have been paid if the goods were produced within the EU.

The price paid by importers will be determined by the difference between the carbon price (if any) paid by producers in the exporting country, and the price set by the EU Emissions Trading System (ETS). The ETS is a system in the EU that puts a price on carbon emissions. It aims to reduce greenhouse gas emissions by providing economic incentives for companies to lower their carbon footprint.

Actions

Currently the new rule does not apply to agricultural products. This means that agrifood exporters do not have to worry about any direct implications for now.

However, the European Commission will review the products covered by CBAM by the end of 2025. They will report to the European Parliament on whether agricultural products should be included under the rule in the future. So agricultural products might be included in the scope of the Regulation at a later stage.

Timeline

The new obligations for importers and operators in third countries in the sectors concerned (not agricultural products) will apply fully from **1 January 2026**.

For more information see the [full record](#) on the AGRINFO website – where you can also view the latest [AGRINFO Update](#) newsletters and [search](#) the database.

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