



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Baroness Sheehan
Chair of the Environment and Climate Change Committee
House of Lords
London
SW1A 0AA

30 October 2024

Dear Baroness Sheehan,

Alongside the Autumn Budget 2024, the Government has today published the Government Response to the consultation on the 'Introduction of a UK carbon border adjustment mechanism'.

The UK has made significant commitments to decarbonise across the economy, reaching a reduction in emissions from 1990 levels of at least 68% by 2030 and net zero by 2050. Decarbonising UK industry is crucial to reaching net zero and this industrial transformation will have far-reaching benefits to the UK, creating new jobs, contributing to the fight against climate change, strengthening our energy security and putting economic growth on a more sustainable trajectory.

The UK Emissions Trading Scheme (ETS) is at the forefront of this agenda with reforms to reduce the number of UK ETS permits available for purchase from Government by 45% between 2023 and 2027. However, there is a risk that the objective of decarbonisation – to reduce global emissions – is undermined by carbon leakage. It is crucial that carbon leakage mitigation is maintained throughout the UK's transition to ensure that industry has the confidence to invest in the UK knowing their decarbonisation efforts won't be undermined.

In spring 2024, the previous UK Government consulted a range of stakeholders on the detailed policy design and implementation of the UK CBAM in a consultation entitled '*Introduction of a UK Carbon Border Adjustment Mechanism (CBAM) from January 2027*'. The consultation ran for 12 weeks closing on 13 June 2024 and received over 340 written responses from businesses, organisations and individuals.

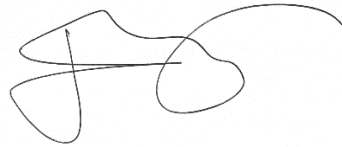
Earlier today the Chancellor confirmed that the UK Carbon Border Adjustment Mechanism (CBAM) will be introduced from 1 January 2027. The UK CBAM will place a carbon price on some of the most emissions intensive industrial goods imported to the UK from the aluminium, cement, fertiliser, hydrogen and iron & steel sectors from 2027. Products from the glass and ceramic sectors will not be in scope of the UK CBAM upon implementation in 2027, as originally announced in December 2023.

The Government Response, published today after the careful review of responses, provides a summary of responses and sets out decisions on key building blocks of the UK CBAM including the scope, calculation of liability and administration. The Government will continue to engage with stakeholders as it progresses the policy design ahead of implementation.

Please find attached a copy of the Government Response to the consultation. I would welcome your continued engagement as we finalise the design of the UK CBAM and your support as we move towards implementation. The Government Response can also be found at:

[Consultation on the introduction of a UK Carbon Border Adjustment Mechanism.pdf](#)

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'J' followed by a series of loops and a long horizontal stroke.

JAMES MURRAY MP
EXCHEQUER SECRETARY TO THE TREASURY