



Rt Hon Hilary Benn MP
Secretary of State for Northern Ireland
Northern Ireland Office
2 Marsham Street
London SW1P 4DF

11 February 2026

Dear Secretary of State,

DOCS NO. 10871/21 AND 10875/21: PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A CARBON BORDER ADJUSTMENT MECHANISM; AND, PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DIRECTIVE 2003/87/EC ESTABLISHING A SYSTEM FOR GREENHOUSE GAS EMISSION ALLOWANCE TRADING WITHIN THE UNION

Thank you for your letter dated 2 February 2026 which was considered by the Northern Ireland Scrutiny Committee at its meeting of 11 February 2026.

We are grateful for your prompt reply to our letter. You offer us a brief assessment of the predicted economic impact of the EU's Carbon Border Adjustment Mechanism (CBAM) on Northern Ireland's businesses (essentially that the impact will be the same as for businesses based in Great Britain) but, you acknowledge that the "precise cost implications remain uncertain". We also note your summary of the outcome of the conclusion of exploratory talks between the EU and UK about the UK's participation in the EU's internal electricity market and welcome your commitment that the Government will continue to "work through the details of the interplay [of these arrangements] with the Windsor Framework".

Turning to your responses to our specific questions about the impact of the EU's CBAM on Northern Ireland, we remain unconvinced by your arguments that its introduction does not pose problems or raise any uncertainty for Northern Ireland with regard to the movement of goods and, perhaps most importantly, electricity.

For example, you say that, if concluded successfully, the Government's efforts to negotiate agreements with the EU on electricity and linking their respective Emissions Trading Schemes will "deliver long-term predictability and certainty for businesses" and "lower prices in Northern Ireland and ensure greater security of supply". But, you seem reluctant to acknowledge that these efforts are in any way aimed at pursuing solutions to Northern Ireland specific problems caused by the introduction of the EU's CBAM. Similarly, you do not offer a convincing explanation as to why, if the situation is as clear and as straightforward as you claim, the Government is pursuing in its 'reset' with the EU,



measures that will seek to introduce mutual exemptions from the UK and EU's respective CBAMs.

With specific regard to the movement of electricity from Great Britain to Northern Ireland, you say that the Government has “been clear to UK stakeholders that there are no barriers to the movement of electricity” East to West; and, in addressing the Committee’s question about how the UK will ensure that electricity from GB will not enter the Republic of Ireland via-Northern Ireland, you state, surprisingly in our view given Northern Ireland’s membership of the Single Electricity Market, that: “the enforcement of EU CBAM is not for the UK Government to comment on”.

We note that in response to a Question for Written Answer submitted by Baroness Ritchie on 21 January 2026 which addressed the impact of the EU’s CBAM on Northern Ireland, the Treasury Minister, Lord Livermore, welcomed the “European Commission’s proposed amendments, published December 2025, which would mean electricity exports from the UK will not face an EU CBAM charge”. We are disappointed that this important information was not included in your response to this Committee and it is also unclear why the Commission’s exemption is necessary if, as you claim, the movement of electricity from Great Britain to Northern Ireland does not pose a problem regarding subsequent movement to the Republic of Ireland.

We look forward to considering your response within the usual 10-day deadline and in the meantime we retain our interest in this matter.

I am copying this letter to Tonia Antoniazzi MP, Chair of the Commons Northern Ireland Affairs Committee, Phillip Brett MLA, Chair of the Northern Ireland Assembly Committee for Economy, and Matthew O'Toole MLA, Chair of the Northern Ireland Assembly Committee for Finance.

Yours sincerely,

Lord Carlile of Berriew CBE KC,
Chair, Northern Ireland Scrutiny Committee