European Union Carbon Border Adjustment Mechanism (EU-CBAM)

Keep your access to the European Union market | be ready to provide factory-level emissions data for the goods you export

Regulation (European Union) 2023/956 on the Carbon Border Adjustment Mechanism is the European Union's instrument for putting a fair price on carbon emitted during the production of certain carbon-intensive goods entering the European Union, while encouraging cleaner industrial production outside the European Union. For Indian manufacturers, production sites, and exporters, this has become an export-readiness issue because buyers in the European Union increasingly need reliable product scope, production, and emissions information from suppliers outside the European Union.

1 January 2026: definitive regime started | 1 October 2023 transitional phase started | 6 sectors initially covered | First quarter 2026 certificate price: 75.36 euros per tonne of carbon dioxide equivalent | Quarterly certificate prices in 2026 | Weekly certificate prices from 2027

Who is affected?

Indian manufacturers, production sites, and exporters that produce covered goods for the European Union market are affected because their buyers may request product information, factory-level emissions data, and supporting records for the goods supplied. This is particularly relevant for producers of iron and steel, aluminium, fertilizers, cement, hydrogen, electricity, and certain selected precursor products that fall within the legal scope of the mechanism.

What goods are covered?

The Carbon Border Adjustment Mechanism initially applies to cement, iron and steel, aluminium, fertilizers, electricity, and hydrogen, including certain selected precursor products. For Indian exporters, the practical starting point is to confirm whether the exact product and customs code used for export to the European Union fall within scope.

What is the certificate price?

The European Commission has published the official certificate price for the first quarter of 2026 at **75.36 euros per tonne of carbon dioxide equivalent**. The certificate price is linked to the average price of allowances under the European Union Emissions Trading System, with one price published per quarter in 2026 and weekly publication from 2027 onwards.

For Indian exporters, this matters because the carbon intensity of the goods supplied to the European Union can influence buyer expectations, data scrutiny, and commercial discussions.

Risks of non-compliance

- Loss of buyer confidence where emissions data, production records, or product classification cannot be supported clearly and on time.
- Repeated buyer queries and reporting delays where records are incomplete or inconsistent with the required methodology.

- Greater reliance on default or estimated values where actual installation-level data is not available.
- Reduced competitiveness where other suppliers can provide clearer and more reliable emissions information.

How to prepare

1. **Confirm whether the product is covered: -** Review the product description and customs code for each good exported to the European Union so that the scope is clear from the outset.
2. **Identify the installation that produces the exported good:** Record which Indian factory produces the product and describe the main production route used for that good.
3. **Set up a clear emissions data system for that installation: -** Define the production boundary, key source streams, activity data, and the direct and indirect emissions that need to be captured for the product concerned.
4. **Use recognized frameworks in the right way: -** Use the Greenhouse Gas Protocol Corporate Standard to organize internal emissions data, International Organization for Standardization 14064-1 to strengthen quantification and documentation, and the Carbon Border Adjustment Mechanism methodology for the official embedded emissions calculation shared with the buyer.
5. **Collect and maintain the underlying records: -** Keep fuel data, electricity data, production data, raw material information, calculation sheets, and source documents in a clear and traceable form.
6. **Calculate embedded emissions using the official method: -** Apply the Carbon Border Adjustment Mechanism methodology to determine direct emissions and, where relevant, indirect emissions from electricity used in production.
7. **Document the method used: -** Maintain a short methodology note showing the formulas, emission factors, assumptions, allocation approach, and data sources used for the calculation.
8. **Prepare for verification and buyer review: -** Organize records so that the information can be checked, explained, and, where required, independently verified under the mechanism.
9. **Agree a practical data-sharing process with the buyer: -** Align early on format, level of detail, contact persons, and time for sharing the required information.
10. **Follow official updates: -** Use the European Commission's legislation, guidance documents, registry information, and updates for manufacturers and production sites outside the European Union as the main reference set.

Why act now?

The Carbon Border Adjustment Mechanism is already in its definitive regime from 1 January 2026, and buyers in the European Union now need stronger emissions information and supporting documentation from suppliers of covered goods. Businesses that organize product scope, factory data, and methodology records early are better placed to respond quickly, reduce disruption, and protect long-term access to the European Union market.

For further guidance, consult the European Commission pages on Carbon Border Adjustment Mechanism, Legislation and Guidance, and Registry and Reporting.

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