

Carbon Border Adjustment Mechanism

Background

The UK, amongst other countries worldwide, have recognised that more needs to be done to drive decarbonisation, this being the process of reducing and ultimately eliminating greenhouse gas emissions being released into the atmosphere.

As part of the 2025 Budget, the UK Government announced its intention to introduce a Carbon Border Adjustment Mechanism (CBAM) through legislation in the Finance Bill 2025-26. The UK Government have confirmed the main intentions of CBAM are to:

- Prevent carbon leakage – without these adjustment measures there is a real risk that heavy industries could move production overseas to countries where environmental controls are not as strong.
- Protecting UK industries – with UK companies now facing some of the most stringent of decarbonisation policies, CBAM is expected to prevent UK companies from being undercut by cheaper, more carbon-intensive imports from overseas.
- Global Decarbonisation – the imposition of carbon taxes on imports is aimed at providing a financial incentive to overseas suppliers to improve their own production methods so they may remain financially competitive with the UK.

CBAM in the UK takes effect on 1st January 2027 with the intention of creating a fair and competitive market for the UK's steel industry ensuring that imports of steel products will face a carbon price comparable to what UK manufacturers pay under the UK Emissions Trading Scheme. In doing so the aim is that the UK decarbonisation effort can lead to a true reduction in global greenhouse emissions instead of simply displacing them overseas.

While the implementation of CBAM is still under consultation the message from the UK Government is clear and companies must be taking steps to ensure they are ready for 1st January 2027.

Rainham Steel's approach

Being guided by the most recent Gov.uk announcement, Rainham Steel will register with HM Revenue and Customs as being the "liable person" and assume all responsibility of ensuring the relevant tax return is filed and will settle their CBAM liability when it falls due. This approach will ensure that all Rainham Steel's stocks both now and in the future will be available for sale to GB businesses clear of any tax burden.

All imports of steel are already carefully being administered to ensure all the necessary and appropriate credentials are obtained from our trusted suppliers which now extends to include relevant CBAM information for those imports. This careful and considered approach enables Rainham Steel to provide its customers with timely and relevant information about the steel they are purchasing. Furthermore, given the large stockholding capabilities of the company, we will often be able to provide a choice of products from different origins to suit the exacting requirements of our customers.

Rainham Steel do recognise that the introduction of UK CBAM is a fundamental, yet necessary, change to the UK steel industry and the wider markets. The main uncertainty that remains is "what will be the true impact on the price of steel". You can be assured that Rainham Steel will continue to be compliant with all regulations and more importantly be transparent with its customers while providing the most competitive and reliable delivery service possible at all times.

If any aspect of this document is unclear, please reach out to your account manager in the first instance.



Trevor Webb - Managing Director
June 2026