



Data, Insight,
Strategy &
Communities

EU Carbon Border Adjustment Mechanism (CBAM) Special Report Overview

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What is CBAM?

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CBAM is a carbon pricing mechanism designed to prevent "carbon leakage." This occurs when businesses move their production to countries with less stringent environmental regulations, thereby avoiding the EU's carbon costs.

It works by placing a carbon price on certain goods imported into the EU, reflecting the carbon emissions embedded in their production.

In essence, the CBAM aims to equalise the carbon price between goods produced within the EU and those imported, creating a "level playing field."

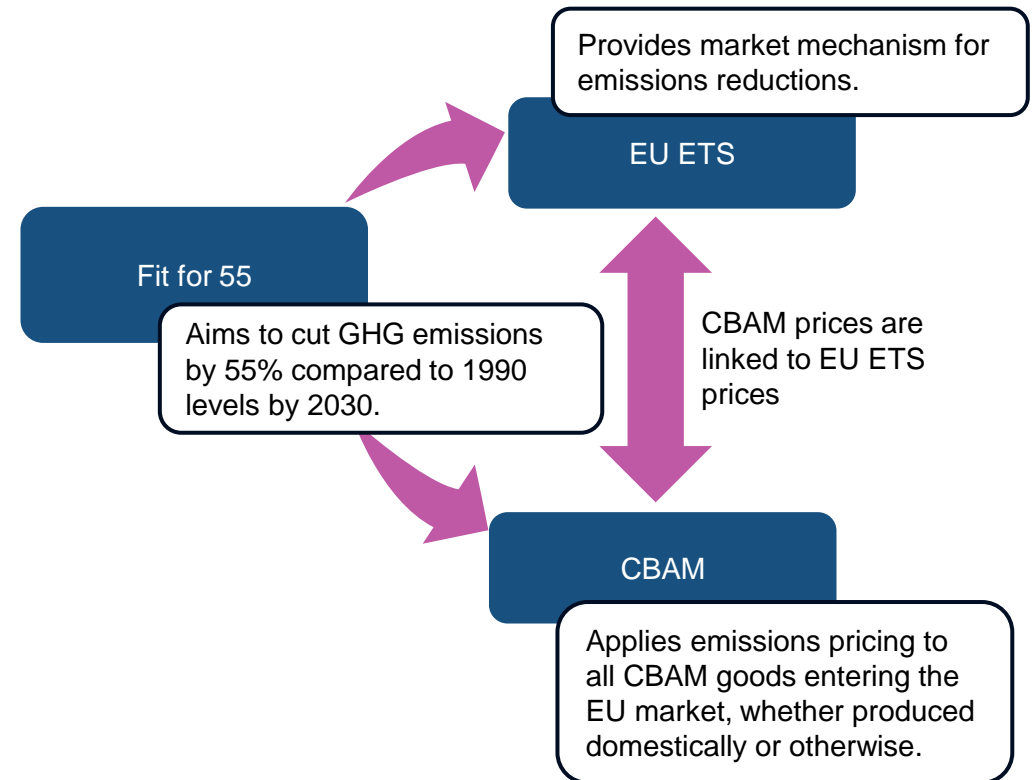
How does it relate to the EU ETS?

CBAM is closely linked to the EU Emissions Trading System (ETS). The ETS is the EU's carbon market, where companies buy and sell allowances for their greenhouse gas emissions.

CBAM is designed to work in conjunction with the ETS, ensuring that imported goods face a similar carbon cost as those produced within the EU, which are subject to the ETS.

Essentially, CBAM was established to make sure that importers of goods into the EU pay a carbon price that reflects the carbon price EU producers pay through the ETS. Therefore, the CBAM certificate prices will reflect the EU ETS allowance prices.

CBAM, EU ETS and Fit for 55 are interlinked





What is included in the CBAM special report?

This report provides an educational overview of CBAM, explaining CBAM fundamentals, including its scope, operation and the potential risks posed by CBAM. The report also addresses the strategic impacts for the major commodity sectors most affected by CBAM (steel, aluminium, fertilizers).

1. Introduction to CBAM

Includes an overview of CBAM (what it is and how it will be implemented) and analysis related to EU decarbonisation policy, i.e. the EU ETS and Fit for 55

2. Industry impact – steel

- *Overview of CBAM in the steel market (e.g. which products are included)*
- *Immediate impact of CBAM on the steel market (e.g. price and market dynamics)*
- *Risks of CBAM to the steel market*

3. Industry impact – aluminium

- *Overview of CBAM in the aluminium market (e.g. which products are included)*
- *Immediate impact of CBAM on the aluminium market (e.g. price, premiums and market dynamics)*
- *Risks of CBAM to the aluminium market*

4. Industry impact – fertilizers

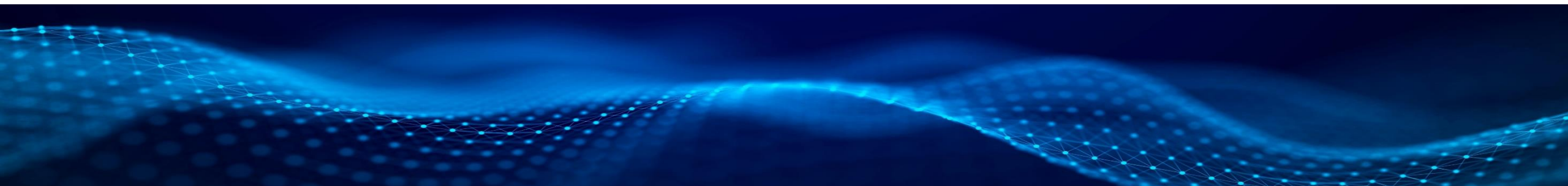
- *Overview of CBAM in the fertilizers market (e.g. which products are included)*
- *Immediate impact of CBAM on the fertilizer market (e.g. price and market dynamics)*

5. Cross-commodity impacts, risks and next steps

- *Overview of the major impacts of CBAM across all three major commodities*
- *Key risks to steel, aluminium and fertilizer markets*

What we offer

- *CBAM report presented in a streamlined **PPT** format*





Key benefits of the CBAM report

01 Provides an educational and uncomplicated view of CBAM

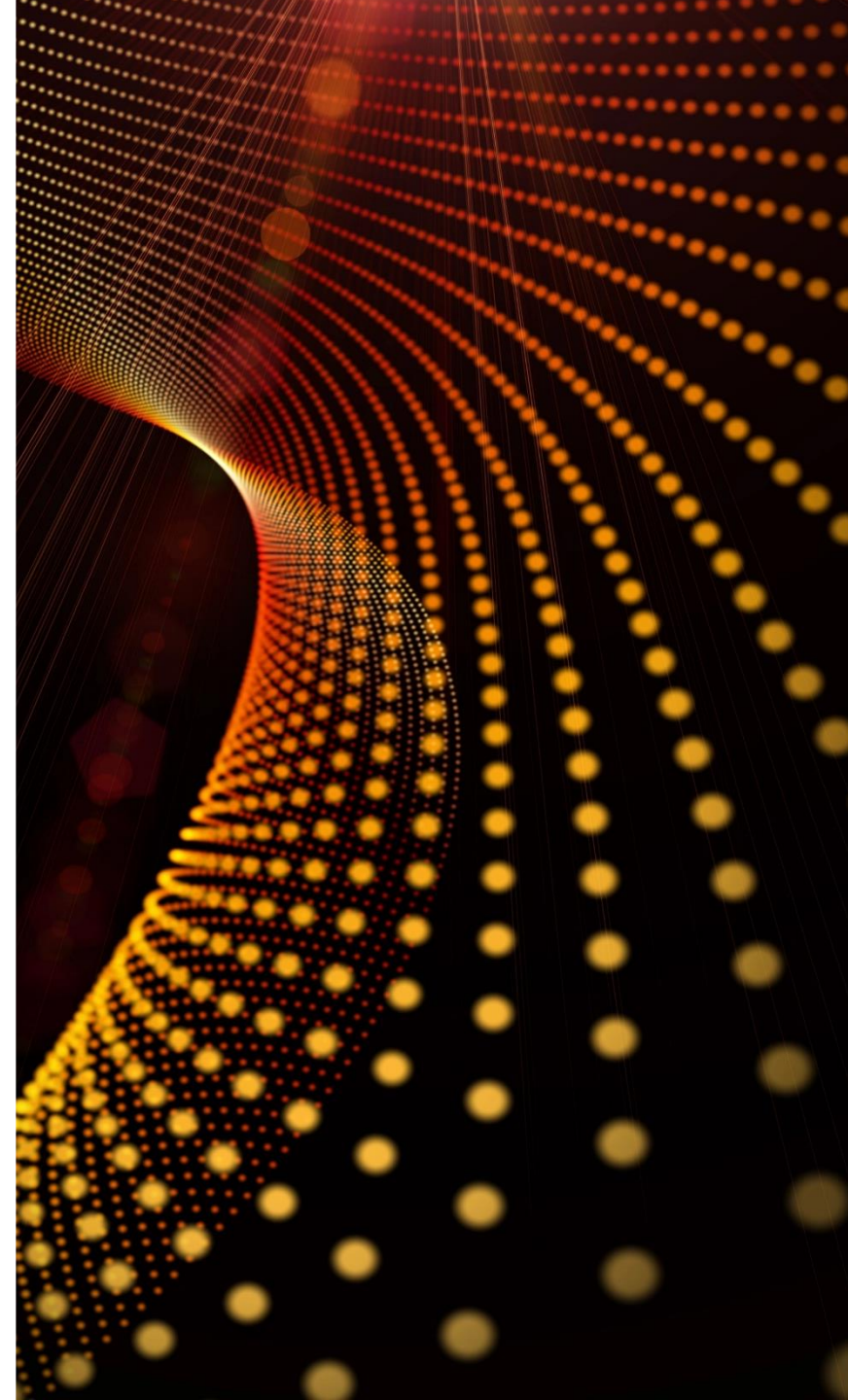
CRU recognises the complexity of CBAM for both the lay reader and those more familiar with EU decarbonisation policy and related industries. **The CBAM report therefore provides an uncomplicated and clear introduction to CBAM**, outlining why CBAM is so critical to EU policy on decarbonisation, and how it came to be, with coverage of other key policies, such as the EU Emissions Trading System (ETS) and Fit for 55.

02 Highlights critical impacts and risks across key sectors

CBAM coverage, impacts and risks of CBAM (particularly on price and market dynamics) can vary drastically across the steel, aluminium and fertilizers markets. This report highlights such nuances and **provides independent analysis on how the CBAM will impact each major commodity differently**.

03 Provides a forward-looking view on how CBAM is likely to evolve over time

Finally, the report **provides an overview of the potential changes to the CBAM in the future**, particularly those designed at addressing the current risks posed by CBAM, such as those related to indirect emissions and downstream products.



CRU (EU) CBAM Special report offering document

Sector-specific knowledge in CRU's steel, aluminium and fertilizers teams...

Steel



Chris Asgill

Head of Steel



Matt Watkins

Principal Analyst

Aluminium



Paul Williams

Head of Aluminium



Alex Christopher

Senior Analyst

Fertilizers



Chris Lawson

Head of Fertilizers



Charlie Stephen

*Nitrogen &
Hydrogen Analysis Lead*

CRU is also able to provide bespoke consulting services on CBAM:



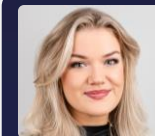
Bex Stone

Consultant



Piyush Goel

Consultant



Kaitlin Gebbie

Senior Consultant



Willis Thomas

Head of CRU+

...is strengthened by an in-depth understanding of the energy transition and carbon policy.



Mark Jeavons

*Head of Economics &
Sustainability*



Frank Eich

Principal Analyst

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