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Eurometaux's position on CBAM public consultation targeting downstream extension, anti-circumvention and rules on electricity

This paper provides Eurometaux's position on the CBAM public consultation on downstream scope extension, anti-circumvention measures, and rules on electricity emissions. Eurometaux represents European producers of Non-Ferrous Metals (NFM) like **Aluminium**, Copper, Lithium, Nickel, Zinc, Silicon, **ferro-alloys**, among other energy transition metals.

Executive Summary

The CBAM Regulation was introduced to prevent carbon leakage and reduce global carbon emissions[1]. **However, its current design risks delivering the exact opposite outcome: higher global emissions and undermining the EU's climate goals, coupled with an unparalleled loss of competitiveness for the non-ferrous metals under its scope.**

CBAM's design has several serious shortcomings, from its treatment of downstream products to its lack of an export solution and robust anti-circumvention measures. **For electro-intensive, price-taking sectors like non-ferrous metals, which also compete on thin margins globally, any flaw in carbon leakage protections can pose an existential threat. CBAM will not only eliminate free ETS allocations for European producers, but it will also raise prices across the EU market for the transformation and recycling sector, thus generating cost increases for domestically produced and recycled materials. This price impact will be based on the most carbon-intensive metal needed to meet the EU demand – the so-called "marginal" producer or importer. Non-European producers, by contrast, will have the possibility to avoid such cost increase determined by the EU market signal by either declaring actual emissions, deploying low carbon inputs or exploiting existing loopholes to circumvent the system altogether.**

We therefore provide the recommendations below, which, if not urgently implemented, will lead to a CBAM that is unfit for aluminium and ferro-alloys. We underline that these suggestions constitute mere incremental fixes, as many critical issues (e.g. indirect emissions must remain excluded for aluminium and ferro-alloys, solution is still absent for exports, etc.) still need to be addressed. **For aluminium and ferro-alloys, the best solution would be to "stop the clock" on CBAM and the respective phase out of ETS free allowances[2] until the Regulation is fixed and proven to successfully prevent carbon leakage and secure our sector's competitiveness[3].** If the ongoing improvements and review confirm that CBAM undermines their competitiveness and decarbonisation efforts, these goods must be removed from CBAM's scope and the existing carbon leakage protections must be reinstated immediately.

Key issues

1. **Downstream scope extension**
   - ✓ **Extend CBAM as far down the value chain of CBAM goods as possible** to reduce risk of carbon leakage of European downstream production, **particularly for products made of 100% aluminium** (see list in Annex below).
2. **Horizontal scope extension (to other goods in Annex I)**
   - × **Do not extend Annex 1 to other NFM** while concerns persist on the capacity of the existing CBAM to provide solid carbon leakage protection, a robust solution for CBAM sectors' exports, and to truly establish a level playing field.
3. **Circumvention**
   - ✓ Apply a **single default value to all aluminium goods in CBAM scope** with **no distinction between the primary or secondary production route** when used as a precursor (unwrought aluminium), and **no distinction between different kinds of scrap.**

[1] See Recital (10) and Article 1(1) of the CBAM Regulation 2023/956 (here).
[2] Suggested in Draghi Report, see Draghi, M. 2024. The future of European competitiveness – In-depth analysis and recommendations, p. 105 (here).
[3] For more details on this, please refer to European Aluminium. 2025. CBAM: An ineffective carbon leakage protection measure for aluminium in need of urgent reform, pp.3-4 (here).

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1. Downstream scope extension

a) Downstream product is 100% made of non-ferrous metals already included in the CBAM scope

As a general principle, **Eurometaux supports the extension of CBAM as far down the value chain of included products as possible to reduce the risk of carbon leakage of European downstream production, particularly for products consisting of 100% aluminium[4] – see Annex to this position paper.**

b) Downstream product is partially aluminium/ferro-alloys and partially other non-ferrous metals

In the case of complex goods (e.g. incorporating not only materials of Annex 1 of CBAM, but also other non-ferrous metals**), the extension of CBAM scope should be considered cautiously, and only once CBAM has clearly proven to deliver its aims to i) provide robust protection against carbon leakage for sectors in scope, and ii) reduce global GHG emissions.** If CBAM is shown to deliver on these aims, one potential option to extend CBAM scope to downstream products made with a significant part of material within the CBAM scope could be to include the part made with CBAM-covered material (from Annex I, Regulation 2023/956) in the calculation of embedded emissions, the importer surrendering a corresponding amount of CBAM certificates. This must by no means lead to an inclusion of other commodities/metals into Annex 1 of the CBAM Regulation via the downstream scope extension.

2. Horizontal scope extension

As a general principle, the addition of more non-ferrous metals to Annex 1 must be a separate process from the downstream extension of CBAM-covered products. **We oppose any extension of Annex 1 to other non-ferrous metals while significant concerns persist regarding the capacity of the existing CBAM framework to provide solid carbon leakage protection, a robust and comprehensive solution for CBAM sectors' exports, and to truly establish a genuine level playing field.**

Before rushing into expanding the scope of Annex 1, CBAM first needs to prove beyond any doubt that it has delivered its twin objectives: providing solid and lasting carbon leakage protection to each CBAM European sector and directly contributing to reducing global carbon emissions.

As a principle of good policymaking, any extension of scope must be preceded by a thorough public consultation and a comprehensive, evidence-based impact assessment.

3. Circumvention

The current design of the CBAM Regulation has many embedded loopholes that will facilitate circumvention. Below we highlight four scenarios[5] and follow up with a proposal for a solution that would fix a number of issues for the aluminium products under scope.

a) **Leveraging the "secondary production" route**, maximising the allocation of scrap from third countries - assigned zero emissions – to products exported to Europe, thus reducing declared emissions and subsequently reducing or avoiding CBAM costs. The CBAM objectives of a level playing field, carbon leakage protection and

[4] See Eurometaux. 2021. CBAM proposal – Position paper of the European Non-Ferrous Metals sector, p.9 (here).
[5] For further circumvention risks, please see European Aluminium. 2025. CBAM: An ineffective carbon leakage protection measure for aluminium in need of urgent reform, pp. 3-4 (here).

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global emissions reduction are compromised as products not destined for Europe would retain higher emissions without repercussions, ultimately resulting in an increase in global carbon emissions.

b) Recycled aluminium is indistinguishable from primary aluminium, and no customs or analytical method at the site level can determine its share in a finished product. Similarly, low-carbon primary aluminium cannot be physically distinguished from high-carbon metal. The current CBAM design cannot prevent this loophole due to the complexity of global scrap flows and the lack of reliable means of verification. Evidence of this very likely scenario was collected in a recent study[6] by Ramboll consulting for European Aluminium. The study highlights that the complexity of global scrap flows — particularly the challenge of verifying scrap content of aluminium in products — cannot be managed through CBAM's current design and reporting rules.

c) **Mutual scrap trading between 2 companies.** Installations can trade internal scrap ("run-around scrap") as a way to artificially inflate the amount of scrap used as input, instead of keeping it in the same installation. The inflated scrap ratio drives down the declared carbon intensity of exported aluminium, thus allowing it to enter the EU at a CBAM-discounted price without delivering any real emissions savings.

d) **Creation of a separate low-carbon production unit for EU exports.** Companies can "ring-fence" their operations by splitting manufacturing sites into two units: one with low-carbon assets that exports low-carbon production to the EU, and another with high-carbon assets that exports to other markets where there is no CBAM exposure. This split redirects cleaner output to the EU while concealing the company's overall carbon footprint and undermining CBAM's goal of preventing carbon leakage. Indeed, as is the case for the scenario described in point a), here CBAM also fails to reduce global greenhouse gas emissions, instead risking their increase due to the Regulation's inability to protect against carbon leakage for EU domestic production (which is overall less carbon-intensive than other trading partners).

Solution for aluminium:

Apply a single default CBAM value for direct emissions (and indirect, if ever included in the CBAM for aluminium) for unwrought aluminium to all aluminium goods in the CBAM scope (CN codes 7601, 7603–7616) when used as precursor, regardless of production route or scrap content and with no distinction between different kinds of scrap.

This default value should be **based on the average CO2 emission intensity of primary aluminium production in the country of origin** (i.e. country of smelting) and applied to the volume of aluminium in the imported product. **It should be periodically revised to reflect primary aluminium decarbonisation developments in the respective country[7].** If the country of origin does not have primary production or if the country of smelt is not known, it should be based on the world average for primary.

To prevent circumvention from splitting manufacturing sites: Emissions from input materials should be attributed to the entire manufacturing site, rather than allowing the selective attribution of low-carbon inputs for products intended for Europe. This ensures a comprehensive accounting of emissions without the potential for manipulation.

[6] See section 6, "Aluminium scrap under CBAM", on Ramboll. 2025. Third-party study on impact of CBAM on alumina & scrap markets – Full report (*prepared for European Aluminium)*, pp. 48-69 (**here**).
[7] For more details, please see Ibid. pp. 4-5 (**here**).

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Annex

As a general principle, Eurometaux supports the extension of CBAM as far down the value chain of included products as possible to reduce the risk of carbon leakage of European downstream production, particularly for products consisting of 100% aluminium – see list below.

CN CODE (max 8 digits)	Description	100 Al	Sector/type of component
8716	Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof [8716 90 90] - - Other parts [8716 90 90 15] **Aluminium** road wheels of vehicles of CN heading 8716, whether or not with their accessories and whether or not fitted with tyres fitted with pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121	100% Al	Trailers/semi-trailers
8309 90 10	Stoppers, caps and lids (including crown corks, screw caps and pouring stoppers), capsules for bottles, threaded bungs, bung covers, seals and other packing accessories, of base metal [8309 90 10] Capsules of lead, for bottles; capsules of aluminium, of a diameter exceeding 21 mm, for bottles [8309 9090 10] Aluminium can ends: - with a diameter of 99,00 mm or more but not more than 136,5 mm (±1mm), - whether or not with a "ring-pull" aperture	100% Al	Packaging
8309 90 90	[8309 9090 10] **Aluminium** can ends: - with a diameter of 99,00 mm or more but not more than 136,5 mm (±1mm), - whether or not with a "ring-pull" aperture	100% Al	Cans

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8409 91	Parts suitable for use solely or principally with engines of heading 8407 or 8408 [8409 91 00 85] Cylinder head blank for a four cylinder engine with 10 cores, made of **aluminium** alloy EN AC-45500, with: -no other components, -a hardness of 52 HRB or more, -casting defects size of not more than 0,4 mm and not more than 10 defects per cm², -a dendrite arm space in combustion chamber of not more than 25 µm, -a double deck water jacket design and -a weight of 18 kg or more but not more than 19 kg, -a length of 506 mm or more but not more than 510 mm, -a height of 282 mm or more but not more than 286 mm, -a width of 143,7 mm or more but not more than 144,3 mm, in one single consignment of 1 000 pieces or more	100% Al	Engines
8414 90	Air Vacuum pumps Parts [8414 90 00 20] Aluminium pistons, for incorporation into compressors of air conditioning machines of motor vehicles [8414 90 00 80] Turbocharger wheel housing of cast aluminium alloy or cast iron: - with a heat resistance up to 400°C, - with a hole of 30 mm or more but not more than 300 mm for the insertion of the compressor wheel, for use in the automotive industry	100% Al	Pumps
8708 40	Gear boxes and parts thereof (Parts and accessories of the motor vehicles of headings 8701 to 8705 -) [8708 40 20 50] - Transmission assembly which houses 3 other shafts inside it and offers a rotating switch for shift position consisting: -cast aluminium body,-differential gear, -2 electrical motors and gears, with the dimensions of: -a width of 280 mm or more but not more than 470 mm, -a height of 350 mm or more but not more than 595 mm, -a length of 410 mm or more but not more than 690 mm, for use in the manufacture of motor vehicles of Chapter 87	100% Al	Parts of motor vehicles

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	[8708 40 20 60] Automatic transmission assembly with rotary gear shifter with: - **aluminium** casting housing, etc [8708 40 20 70] Manual gearbox in cast aluminium housing for transverse installation with: - a width of not more than 480 mm, - a height of not more than 400 mm, -a length of not more than 550 mm, - five or six gears, - a differential gear, - an engine torque of 400 Nm or less, for use in the manufacture of motor vehicles of Heading 8703 [8708 40 50 40] Transmission assembly which houses 3 other shafts inside it and offers a rotating switch for shift position consisting: -cast **aluminium** body,- differential gear, -2 electrical motors and gears, with the dimensions of: -a width of 280 mm or more but not more than 470 mm, -a height of 350 mm or more but not more than 595 mm, -a length of 410 mm or more but not more than 690 mm, for use in the manufacture of motor vehicles of Chapter 87 [8708 40 50 50] Automatic transmission assembly with rotary gear shifter with: -**aluminium** casting housing, -differential gear, -9 Speed automatic, -electronic range select gear selection system, with dimensions of: -a width of 330 mm or more but not more than 420 mm, -a height of 380 mm or more but not more than 450 mm, -a length of 580 mm or more but not more than 690 mm, for use in the manufacture of the vehicles in heading 87 [8708 40 50 60] Manual gearbox in cast **aluminium** housing for transverse installation with: -a width of not more than 480 mm, -a height of not more than 400 mm, -a length of not more than 550 mm, -five or six gears, -a differential gear, -an engine torque of 400 Nm or less, for use in the manufacture of motor vehicles of Heading 8703		
8708 50	Drive-axles with differential, whether or not provided with other transmission components, and non-driving axles; parts thereof	100% Al	Parts of motor vehicles

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	[8708 50 99 15] Car transfer case with single input, dual output, to distribute torque between front and rear axles in an **aluminium** housing, with dimension of not more than 565 × 570 × 510 mm, comprising: - at least an actuator, - whether or not an interior distribution by chain [8708 50 99 90] - - - - - - Other - **Aluminium** casting part imported from China (information received from a die casting producer)		
8708 70	Road Wheels and parts and accessories thereof [8708 70 10] For the industrial assembly of: Pedestrian-controlled tractors of subheading 8701 10; Vehicles of heading 8703; Vehicles of heading 8704 with either a compression-ignition internal combustion piston engine (diesel or semi-diesel) of a cylinder capacity not exceeding 2 500 cm3 or with a spark-ignition internal combustion piston engine of a cylinder capacity not exceeding 2 800 cm3; Vehicles of heading 8705 [8708 70 10 15] Wheels of **aluminium**, whether or not with their accessories and whether or not fitted with tyres [8708 70 10 50] - - Other [8708 70 50] Wheels of **aluminium**; parts and accessories of wheels, of aluminium [8708 7050 15] Wheels of **aluminium**, whether or not with their accessories and whether or not fitted with tyres	100% Al	Wheels
8708 7050	Wheels of aluminium; parts and accessories of wheels, of aluminium	100% Al	Automotive

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8708 80	Suspension systems and parts thereof (including shock absorbers) [8708 80 99] - - - - Other [8708 80 99 20] - - - - - Aluminium suspension link arm, with dimensions of: (- - -) - a mass of 1000 g or more but no more than 3000 g Equipped with at least two bushed holes made of aluminium alloys with the following characteristics...	100% Al	Parts of motor vehicles
8708 91	Radiators and parts thereof [8708 91 20 20] **Aluminium** cooler using compressed air with a ribbed design of a kind used in the manufacture of goods of Chapter 87 [8708 91 20 30] **Aluminium** alloy inlet or outlet air tank of heat exchangers for car cooling systems, manufactured to standard EN AC 42100 or EN AC 43000 T6 with - an insulating area flatness of not more than 0,1 mm, - a permissible particle quantity of 0,3 mg per tank, - a distance between pores of 2 mm or more, - pore sizes of not more than 0,4 mm, and - not more than 3 pores larger than 0,2mm -with a weight of 0,2kg or more but not more than 3kg [8708 91 35 10] **Aluminium** cooler using compressed air with a ribbed design of a kind used in the manufacture of goods of Chapter 87 [8708 91 99 30] **Aluminium** alloy inlet or outlet air tank of heat exchangers for car cooling systems, manufactured to standard EN AC 42100 or EN AC 43000 T6 with - an insulating area flatness of not more than 0,1 mm, - a permissible particle quantity of 0,3 mg per tank, - a distance between pores of 2 mm or more, - pore sizes of not more than 0,4 mm, and - not more than 3 pores larger than 0,2mm -with a weight of 0,2kg or more but not more than 3kg [8708 91 99 40] Assembly for supplying compressed	100% Al	Parts of motor vehicles

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	air, whether or not with a resonator, comprising at least: - one solid **aluminium** tube whether or not with mounting bracket, - one flexible rubber hose, and - one metal clip for use in the manufacture of goods of Chapter 87		
8708 94	Steering Wheels, steering columns and steering boxes; parts thereof [8708 94 20 10] Rack steering gear in **aluminium** housing with inner tie rod joints (axial joints) or with tie rods for use in the manufacture of goods of Chapter 87. [8708 94 35 20] Rack steering gear in aluminium housing with inner tie rod joints (axial joints) or with tie rods for use in the manufacture of goods of Chapter 87.	100% Al	Parts of motor vehicles
8708 99	Other (engines brackets) [8708 99 10 60] Aluminium engine bracket, with dimensions of: -height of more than 10 mm but not more than 200 mm, -width of more than 10 mm but not more than 250 mm, -length of more than 10 mm but not more than 200 mm, equipped with at least two fixing holes, made of aluminium alloys ENAC-46100 or ENAC-42100 (based on the norm EN:1706) with following characteristics: -internal porosity not more than 1 mm, -outer porosity not more than 2 mm, -rockwell hardness HRB 10 or more, of a kind used in the production of suspensions systems for engines in motor vehicles [8708 99 97 50] Aluminium engine bracket, with dimensions of: -height of more than 10 mm but not more than 200 mm, -width of more than 10 mm but not more than 250 mm, -length of more than 10 mm but not more than 200 mm, equipped with at least two fixing holes, made of aluminium alloys ENAC-46100 or ENAC-42100 (based on the norm EN:1706) with following characteristics: -internal porosity not more than 1 mm, -outer porosity not more than 2 mm, -rockwell hardness HRB 10 or more, of a kind	100% Al	Engines

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	used in the production of suspensions systems for engines in motor vehicles [8708 99 97 55] Assembly for supplying compressed air, whether or not with a resonator, comprising at least: - one solid aluminium tube whether or not with mounting bracket, - one flexible rubber hose, and - one metal clip for use in the manufacture of goods of Chapter 87 [8708 99 97 75] Aluminium alloy support bracket, with mounting holes, whether or not with fixation nuts, for indirect connection of the gearbox to the car body for use in the manufacture of goods of Chapter 87		

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