European Aluminium
ANYTHING BUT BASIC

CBAM SCOPE EXTENSION & ANTI-CIRCUMVENTION MEASURES

POSITION PAPER ON THE COMMISSION'S PROPOSAL COM (2025) 989 (HERE & ANNEX)

Brussels, 17 February 2026

European Aluminium welcomes the European Commission's intention to extend the scope of the CBAM to downstream products and to introduce additional measures to counter the circumvention of the mechanism.

However, **these proposed improvements remain insufficient to fix the CBAM mechanism. The European aluminium industry remains convinced that CBAM will lead to more, not less, carbon leakage. Even with the proposed changes outlined in this paper, all of which need to be effectively and urgently implemented, we remain convinced that the CBAM will have a detrimental impact on the whole of the European aluminium value chain, despite the clear intention for it to do the opposite.**

With this in mind, as a matter of priority, **we call upon the EU Commission to urgently "stop the clock" on CBAM for aluminium (pausing the implementation of the definitive period of CBAM and the related phasing-out of free allowances for the aluminium sector) until the proposed changes in this paper have been implemented and the impact of CBAM on the competitiveness of the EU aluminium industry, also with the proposed changes, has been fully assessed**. If the ongoing improvements and review of the mechanism demonstrate that it is in fact undermining the competitiveness and decarbonisation efforts of the European aluminium value chain, aluminium should be removed from the CBAM scope. Should this highly plausible scenario materialise, our industry requests swift and decisive action to revert to existing carbon leakage protection measures. This includes maintaining existing ETS free allocation and ETS indirect cost compensation at today's levels and beyond 2030.

Please see our Position Paper "CBAM: an ineffective carbon leakage protection measure for aluminium in need of urgent reform", here.

Consequently, to fully achieve the proposal's objective to close loopholes and avoid circumvention, the following fixes need to be urgently integrated in the draft Commission's proposal by the co-legislators.

Fully close the scrap loophole

We strongly reiterate the need **for a single default value for unwrought aluminium, applied uniformly regardless of whether it contains pre- or post-consumer scrap.** This default value should be based on the average CO_2 intensity of primary aluminium production in the country of smelting, without differentiation between primary and secondary production routes. The proposed single default value system would simplify CBAM, facilitate its extension to downstream products, and prevent competitive distortions between European producers and importers.

Alternatively, given that the Commission has decided to include pre-consumer scrap as a precursor good in its draft legislative proposal, we strongly call for at the very least, not to introduce a distinction between pre- and post-consumer scrap. CBAM calculations for scrap used as a precursor should systematically rely on a default value which

should apply to all aluminium scrap used in CBAM goods and be based on the average emission intensity of primary aluminium production in the declared country of origin[1].

A single default value must apply equally to both pre- and post-consumer scrap content used as precursor in CBAM goods. This single default value should be based on the average emission intensity of primary aluminium production in the declared country of origin. Otherwise, imported, recycled aluminium products will have much lower carbon costs than recycled aluminium produced in the EU. This would ultimately drive recycling activities and investment out of the EU, leading to both industrial and carbon leakage, which is the exact opposite of CBAM's intended purpose.

It is also essential to recall that CBAM is not a carbon accounting tool. Its primary objective must remain to prevent carbon leakage by ensuring that carbon costs are equivalent for EU and non-EU producers.

Accordingly, a clear distinction should be made between values used for sustainability reporting and those applied for the calculation of CBAM obligations

Why is the Commission's proposal not enough?

We are concerned that **limiting CBAM coverage to pre-consumer aluminium scrap in CBAM would still leave a major loophole in the system.** This approach would not stop the possibility of avoiding the CBAM charge. Aluminium producers in third countries could simply use or claim the content of post-consumer scrap to reduce their CBAM cost. The downstream European transformation and recycling industry, on the other hand, will continue to face the full implied carbon costs of CBAM and EU ETS due to the **very close correlation between the price of primary and secondary aluminium in Europe.**

To illustrate the scale of the circumvention risk linked to post-consumer scrap, global scrap availability can be compared with European aluminium demand. European demand for aluminium semi-fabricated products is expected to reach 17.5 million tonnes by 2030[2].

In China alone, 7.6 million tonnes of pre-consumer scrap and **6.8 million tonnes of post-consumer scrap** were generated in 2023. In North America, 2.5 million tonnes of manufacturing scrap **and 5.3 million tonnes of post-consumer scrap** were generated. Taken together, these volumes are already sufficient to cover the entire projected European demand.

Moreover, the difference between pre-consumer and post-consumer scrap volumes is limited; in North America, post-consumer scrap volumes even exceed those of pre-consumer scrap. Consequently, **restricting CBAM obligations to pre-consumer scrap alone does not close the circumvention loophole[3].**

This would undermine both the environmental integrity of the mechanism and the level playing field for European producers. An additional complicating factor is that it will remain impossible to distinguish between the pre- and post-consumer scrap content in an imported product and verify it at the European border or at installation level.

[1] If there is no Primary Production in the country of origin, a global average should be used instead

[2] CRU Consulting (2022). Opportunities for aluminium in a post-Covid economy. [Link]

[3] See European Aluminium Ramboll study on CBAM impacts on Alumina and Scrap Market here.

Revise default values and move to a single default value as early as possible

The recently adopted default values via implementing legislation, which will be applied for the definitive period, need to be adjusted as a matter of priority. For all countries, default values for imported unwrought aluminium or used as a precursor in complex goods should be based only on the primary production route. If no primary production is present in the country, a default value based on the global average of primary production should be applied. Alternatively, to simplify further the measure and make it more effective against carbon leakage – **we propose the establishment of a single list of default values for aluminium products (rather than a country-by-country list), all based on primary production route, with high, punitive default values.** Such approach will simplify reporting (and incentivizes reporting of actuals if this possibility is maintained).

This adjustment to the Regulation is necessary to restore a level playing field with European producers and their customers, in particular manufacturers of semi-finished aluminium products, who bear higher aluminium costs across the value chain as a result of the combined effects of CBAM on the European premium and the phase-out of ETS free allowances.

This would also avoid the redirection of metal to "secondary route countries" to benefit from a low default value: in certain countries, the figures remain too low and do not reflect the sector's reality[4] (see examples in the box below).

Without the proposed adjustments, CBAM would further exacerbate the competitive advantage of imports by allowing CBAM charges to be reduced through scrap use, without any obligation for importers to substantiate such claims.

Examples of risk of circumvention under the current proposed default values:

1. Serbia:

According to the CBAM methodology, **Russian standard ingots** (CN 7601) imported into the EU would be subject to a CBAM cost of approximately **€85 per tonne**[5].

However, this cost could be **easily circumvented**. Because the volume of scrap required to qualify under the secondary production route is very limited, only a small quantity of secondary billet (CN 7601) would need to be melted together with primary ingots (i). The billets could then be declared as having Serbian origin (ii) while benefiting from the secondary production route.

Combined, these two elements would reduce the applicable CBAM cost to approximately **€26 per tonne of product**[6]

2. Vietnam:

[4] See Implementing Act on Default values, here.
[5] **Russia** (default value based on primary, 7601) – 2,16 + 10% markup (2,376), benchmark 1,423 = 85 EUR/t product CBAM cost
[6] **Serbia** (default value based on secondary, 7601) – 0,36 default value + 10% markup (0,396), benchmark 0,091 = 26 EUR/tonne product CBAM cost. (0,396 – (0,091 * 0,975))* 86 EUR = 26,4 EUR t/product

Chinese standard ingot or secondary billet (both are under CN 7601) should bear a CBAM cost of **164,5 EUR/t of product**[7].

Nonetheless, it would be easy to send those to **Vietnam** for remelting with some scrap into secondary billet (7601). Because the amount of scrap needed to qualify as secondary production is so low, the effective CBAM cost would amount to only **26 EUR/ tonne product**[8] (138,5 EUR less than the real CO2 cost of the product)

NB: Vietnam is known to import Chinese primary metal. Vietnam also has billet imports into the EU today.

More products should be added to the product scope

The proposed product scope expansion remains too limited, and its implementation is foreseen at too later stage. As CBAM enters its definitive phase, anti-circumvention measures, including the downstream scope extension, must take effect significantly earlier than the currently foreseen 2028 timeline to effectively prevent circumvention and safeguard the integrity of the CBAM mechanism.

A broader range of aluminium-rich products must be included in the product scope. In particular, all CN Codes under Chapter 76 should be covered as soon as possible (with the exception of aluminium scrap CN code 7602), alongside many others, for example further automotive body parts (e.g. CN code 8708 29) and packaging products (e.g. CN code 8309 90 10). We have identified a list of CN Codes facing heightened risks of circumvention and substitution as a result of CBAM implementation. This list is provided in the Annex to this paper.

Lower the mass-based threshold exemption from 50 to 5 tons

Regulation (EU) 2025/0083[9], simplifying and strengthening CBAM, introduces a mass-based threshold of 50 tonnes per year. This threshold creates significant loopholes, undermines the effectiveness of CBAM, and distorts competition to the detriment of European aluminium producers. Therefore, it should be reduced from 50 to 5 tonnes per year and accompanied by strong anti-circumvention safeguards.

A 50-tonne exemption disproportionately harms smaller European aluminium operators, particularly extrusion producers, whose commercial transactions typically involve volumes well below this threshold. While European producers remain fully exposed to rising carbon and raw material costs, third-country exporters can sell significant quantities on the EU market without CBAM obligations. Lowering the threshold to 5 tonnes would ensure the exemption is limited to genuinely marginal imports, such as prototypes or small consignments for testing, without opening the door to systematic avoidance.

[7] China (default value based on primary, 7601) – 3 + 10% markup (3,3), benchmark 1,423 = (3,3 – (1,423*0,975)) *86 EUR = 164 EUR t/product = 164,5 EUR/t product CBAM cost

[8] According to CBAM Methodology: Vietnam: (default value based on secondary, 7601) – 0,36 default value + 10% markup (0,396), benchmark 0,091 = (0,396 – (0,091 * 0,975)) * 86 EUR = 26,4 EUR t/product = 26 EUR/tonne product CBAM cost

[9] Regulation (EU) 2025/2083 of the European Parliament and of the Council of 8 October 2025 amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism [link]

Moreover, a high mass-based exemption creates clear circumvention risks. Indeed, it may incentivise artificial shipment splitting or the use of multiple legal entities to remain below the threshold. Without robust monitoring and enforcement mechanisms, smaller importers could systematically exploit the exemption, while larger actors could fragment operations to bypass compliance. Such practices would undermine CBAM's environmental integrity and distort market dynamics, particularly in downstream transformation markets where prices could increasingly reflect the cheapest untaxed imports.

Maintain and clarify "emergency break" provisions (Article 27a)

European Aluminium welcomes the introduction of an emergency measure under Article 27a, which acknowledges the uncertainty surrounding the consequences of the CBAM definitive phase and the detrimental impact we expect it will have on our value chain.

Any activation of the emergency measure for a CBAM good demonstrating evidence of sever harm to the Union's market should apply horizontally to the entire sector exposed to carbon leakage, rather than on a product-by-product basis to avoid any detrimental impacts on a sector's value chain. It should also entail the automatic suspension of the CBAM-related phase-out of ETS Free allocations, including the full restoration of free allocations for ETS installations producing the aluminium products temporarily excluded from CBAM.

Therefore, this provision requires further clarification and must ensure full consistency with the forthcoming ETS review in 2026.

Should the CBAM prove to be an ineffective measure for protecting the aluminium value chain against carbon leakage, the implementation of the CBAM on aluminium for the definitive period and the related phasing-out of free allowances should be put on hold.

Indirect emissions must remain out of the CBAM scope for Aluminium

We strongly **support the Commission's decision to maintain the exclusion of indirect emissions from the CBAM scope for aluminium,** as this approach limits the detrimental impact the measure will have on the aluminium value chain.

While European low carbon aluminium producers will always pay an indirect carbon cost in the price of electricity, the same products produced in third countries will be exported to Europe with no comparable carbon cost. Therefore, CBAM must fully align with the direct and indirect carbon costs of the EU ETS and close any loopholes. Including indirect emissions risks circumvention via resource shuffling, raises raw material costs massively and even increases global emissions.

Even if the fundamental mismatch between indirect costs and actual emissions could potentially be resolved, including indirect emissions in CBAM would make aluminium too expensive to process in Europe. Although CBAM is intended to raise the carbon cost of imports, it will unintentionally increase metal input cost for all downstream producers in Europe, an effect that would be significantly amplified if indirect emissions were added to its scope. Due to the specific structure of the aluminium market, prices are driven by the most expensive primary aluminium needed to meet European

demand, affecting both imports and domestic purchases of primary aluminium and scrap. As a result, European producers would bear the costs of both the ETS and CBAM, while non-European producers could adjust their inputs and production costs to avoid the border charge and still benefit from higher European prices.[10]

Ultimately, this would increase the risk of carbon leakage. Producers in regions without equivalent carbon costs, such as China, the Gulf countries, India or Russia, would not face comparable carbon pricing, while still being able to declare low-carbon electricity for CBAM purposes. As a result, aluminium processing and downstream manufacturing would progressively relocate outside Europe, leaving the EU to import finished aluminium-based products such as cars and aircraft instead of producing them domestically, **jeopardising the entire European aluminium industry - the contrary of what the CBAM intends to achieve.**

Finally, adding indirect emissions in the CBAM scope for aluminium would inflate the price of products containing aluminium to such a height that substitution could occur with alternative, less circular or heavier materials less exposed to CBAM impact (e.g. steel for automotive or plastic for packaging). Due to the broad range of indirect emissions from primary aluminium production, and the fact that aluminium is globally priced at the LME**, including indirect emissions in CBAM would increase the cost faced by downstream producers of aluminium products by nearly 20% and CBAM would function as an additional cost borne only in the EU market**. There would be a strong incentive for end-users to substitute and replace aluminium-containing components with those made of other, less circular CBAM and non-CBAM materials (e.g. steel for automotive or plastic for packaging), in addition to incentivizing imports of finished products to the detriment of Europe-made products. This could harm domestic aluminium suppliers, downstream customers and reduce demand for highly recyclable aluminium products made in Europe.

In parallel, the ETS indirect cost compensation mechanism should remain in place beyond 2030 and be fully used by Member States to protect the aluminium industry from carbon leakage. This mechanism remains the only efficient way to protect the European aluminium industry from carbon leakage and to safeguard Europe's industrial base during the transition to climate neutrality.

[10] The price of primary aluminium is set on the London Metal Exchange (LME) and reflects global supply and demand. In import-dependent regions such as Europe, an additional duty-paid premium is added to cover logistics, duties, and border costs for, bringing metal into the regional market. This global benchmark pricing system with regional premiums is unique to aluminium and is influenced by a wide range of factors. CBAM will increase this premium and make downstream aluminium producers bear the costs for both ETS and CBAM. This would eventually lead to such a high price increase that downstream producers will not be able to remain competitive and will eventually relocate.

*For more information on European Aluminium's work on CBAM, our **latest position paper** on the **CBAM,** as well as all papers, external studies and memos, please visit the CBAM part of the "Climate and Energy Section" of our Website.*

Emanuele Manigrassi
Director, Climate Change & Energy
M +32 471 73 53 06
manigrassi@european-aluminium.eu

Ellyn Guignaud
Climate & Energy Policy Officer
M +32 494 05 86 49
guignaud@european-aluminium.eu

Jonathan Tavenier
Climate & Energy Policy Officer
M +32 492 90 40 92
tavenier@european-aluminium.eu

Annex 1: List of CN Codes to be included

CN CODE [4-digit]	Prioritization under CN CODE [8 or 6 Digit] (when possible)	Sector / type of component	Justification
7615	**[7615 10 10]** **[7615 10 30]** (household articles)	Kitchen household equipment incl. tables	NOT INCLUDED
8415		Air-conditioning machines	NOT INCLUDED
8428	**[8428 10 80]** - Lifts and skip hoists Other **[8428 39 20]** - roller conveyer	Buildings	NOT INCLUDED
8504	**[8504 40 95 90]** ---- Other	Inventers	Only Partially Included in the Commission's proposal
8607		Parts of Railway locomotive and rolling-stock	NOT INCLUDED
8702		Vans	NOT INCLUDED
8703		Automotive	NOT INCLUDED

8712		Bikes	NOT INCLUDED
8714		Parts of vehicles	NOT INCLUDED
8716		Trailers/semi-trailers	100% Aluminium - Only Partially Included to the Commission's proposal, all CN Codes under 8716 should be included.
8807	**[8807 10 00]** **[8807 20 00]** **[8807 30 00]** (Aero parts)	Aircraft parts	NOT INCLUDED
9402		Medical tables/beds	NOT INCLUDED
9403	**[9403 99 10]** - Parts --- of other materials	Furniture	Only Partially Included to the Commission's proposal
9406		Buildings	Only partially included NOT INCLUDED: [9406 9090 00] of other material

8309		Packaging	100% Aluminium - Only partially included NOT INCLUDED: [8309 90 10] Capsules of lead, for bottles; capsules of aluminium, of a diameter exceeding 21 mm, for bottles.
8407	**[8407 34]**	Engines	NOT INCLUDED
8409		Engines	100% Aluminium - NOT INCLUDED
8414	**[8414 90 00]**	Pumps	100% Aluminium - NOT INCLUDED
8541	**[8541 90 00]**		NOT INCLUDED
8708	**[8708 10]**	Bumpers	NOT INCLUDED
	[8708 2910]	Automotive parts	NOT INCLUDED
	[8708 2990]		NOT INCLUDED
	[8708 50]	Parts of motor vehicles	100% Aluminium - NOT INCLUDED
	[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	Parts of motor vehicles	

	[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 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		
8544	**[8544 19 00]**		PARTIALLY INCLUDED Not included is 8544 49 91 Wire and cables, with individual conductor wires of a diameter exceeding 0,51 mm.
8708	**[8708 30]**	Brakes	
	[8708 94]	Parts of motor vehicles	
	[8708 99]	Engines	