

# POSITION PAPER

## Carbon Border Adjustment Mechanism

### *Proposals for extension to downstream products & compensation for exports*

#### Introduction

The Federation of the European Cookware, Cutlery & Houseware Industries (FEC) **raises serious concerns about the extension proposal of the CBAM to a limited number of downstream products and the compensation mechanism for CBAM-affected industries**, presented by the European Commission on 17 December 2025.

FEC supports the EU's climate neutrality goal and the main objectives of the EU ETS and CBAM, and has repeatedly called for inclusion in CBAM annex I based on a comprehensive impact assessment. Our products are massively affected, and we have shown that there is considerable risk of carbon leakage and negative impact for all our HS codes. Apart from two HS codes, the current proposals fail to adequately address the significant challenges facing the cookware industry regarding CBAM.

Moreover, FEC explicitly welcomes every additional initiative aimed at simplifying the CBAM. The instrument should be designed in such a way that it remains practical and manageable for all companies.

The proposals **fail to offer the long-term visibility** required for downstream manufacturers to make sound investment decisions over a 10-year horizon as they remain **limited to scope 1** (direct emissions), without providing clarity on a possible future extension to scope 2 (indirect emissions), which is already envisaged by the European Commission in the coming years. This approach also sits uneasily with the European Commission's stated commitment to extending the scope of the CBAM to certain steel- and aluminium-intensive downstream products.

Furthermore, they leave unresolved a key issue for EU-based manufacturers competing globally, as they do not address the **absence of any export compensation mechanism for downstream exporters**. In this context, CBAM will certainly undermine the competitiveness of the EU cookware industry by **creating distortions on the EU domestic market and an uneven playing field in international competition**.

#### I. Without inclusion, EU cookware industry at risk of carbon leakage & deindustrialization

The exclusion of cutlery, cookware and houseware downstream products with high metal content (e.g. more than 70%) from the scope of CBAM creates a significant risk of carbon leakage, i.e. relocation of carbon-intensive production outside the EU, or replacement of EU products by more carbon-intensive imports in our sector – as shown by FEC's impact assessment. European manufacturers will face rising raw material costs due to reduced free allowances under EU-ETS and introduction of payable certificates under the CBAM for raw materials. In contrast, non-EU competitors in our sector are not subject to equivalent carbon pricing mechanisms, creating cost asymmetry. This disparity places EU-based producers of metal-intensive cookware, cutlery, scissors, and household products at a competitive disadvantage not only in the EU, but also in global export markets.

Based on the FEC's impact assessment of a full-scale CBAM scenario, **the CBAM inflation** on production costs **will be around 22% and 5% for aluminium and stainless cookware products** (such as pots, pans and kitchen utensils), respectively.

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This imbalance is likely to result in:

- A possible 35% reduction in EU production, a 33% drop in exports, and the loss of approximately 15,000 direct and indirect jobs;
- A 13% increase in CO<sub>2</sub> emissions due to a shift toward more carbon-intensive imports of downstream cookware, cutlery and household products.

**Time is crucial.** This issue must be addressed today, not later, as CBAM impact is already being felt across our sector and there is no guarantee that any further extension will follow. Being included in the CBAM extension must be **settled once and for all**. We call on the Commission, Parliament, and Council to apply the CBAM extension as soon as possible — ideally by 1 January 2027 — and to ensure that HS codes such as ours are fully included in its scope without delay.

## II. **Call for action: extend CBAM to cookware & set up an export compensation mechanism**

Even in the current CBAM scenario limited to scope 1 (direct emissions) inflation will already be felt (see FEC impact assessment), creating a distortion of competition within the European market itself. Short-term thinking provides no visibility for manufacturers and does not allow them to assess their capacity to invest over a ten-year horizon for our sector.

**An EU that penalizes and discourages world-renowned industrial production while opening its own domestic market to unfair competition is neither the Union that industry wants, nor the Union that Europe should aspire to be.**

In practice, nothing prevents a more coherent and predictable approach, and therefore an extension of the CBAM to downstream goods threatened by CBAM inflation. Now is precisely the time for the co-legislators to demonstrate it.

The current design leaves essential finished goods (downstream) out of scope. This results in distortions of competition, creates incentives for processing outside the EU, and poses risks for employment, investment and value creation in one of the last manufacturing consumer goods industries in Europe. Effective climate protection can only be achieved if the entire value chain is consistently covered, ensuring that emissions are reduced rather than simply relocated.

### A. **Extension of CBAM Scope to cookware products**

We urge the European Institutions to extend the scope of CBAM Annex I to include **downstream products with a major part of metal content** (proportion of steel and aluminium in the product weight), in particular from downstream industries included in the customs nomenclature of steel (73) and aluminium (76) and related products like 8211 to 8215 (knives and cutlery) which have a significant value of production within Europe and have documented relocation risks for their EU domestic production and asked to be integrated in CBAM, like the cookware industry. This extension is technically feasible and would ensure fair competition.

**FEC has identified eleven priority customs codes for inclusion in CBAM scope: 761510, 732393, 732394, 732399, 732410, 732392, 8211, 8212, 8213, 8214 and 8215**, although two HS codes are already under consideration (7323 94 00, 7323 99 00).

➤ **FEC amendment proposals to be found in annex.**

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### **B. Set up a dedicated export compensation mechanism**

The December 2025 announcement **does not address this crucial issue** as it only emphasizes CBAM goods manufacturers, upstream industry. The proposed mechanism, which is primarily designed for upstream industries rather than for exports, would create a de facto **two-tier CBAM**: while upstream sectors would benefit from tailored solutions, downstream industries could be left without equivalent safeguards and decreasing competitiveness.

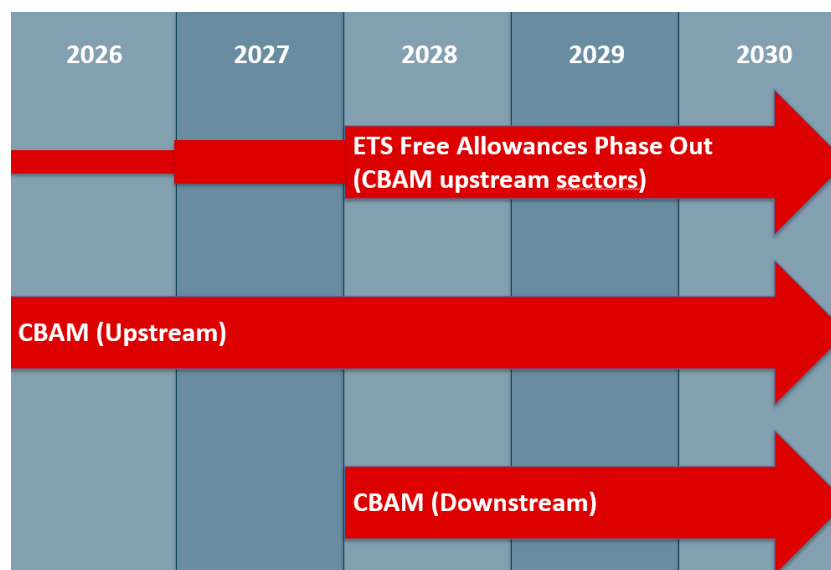
To safeguard the global competitiveness of EU manufacturers, we demand the introduction of a **monetizable compensation mechanism for exporters of downstream products to non-EU markets**. It is important to highlight that EU-ETS and CBAM-related costs embedded in the raw materials will be reflected in the cost base of the downstream products, even though the downstream manufacturing processes themselves are significantly less carbon-intensive.

- **A new mechanism should be established. Options such as inward processing or full retrocession of CBAM certificates** are clearly preferable to decarbonization subsidies, which are less effective for low-carbon-intensity downstream sectors.

### **III. CBAM does not go alone: alignment with trade tensions & EU industrial policy**

Finally, it is essential to move beyond sectoral thinking and build a genuinely synergistic approach between the CBAM and EU trade policy. In the current context of heightened trade tensions, **maintaining a siloed treatment of climate and trade instruments would deprive the EU of strategic leverage, weaken its industrial competitiveness, and undermine the credibility of its climate action.**

This makes the **alignment of key implementation timelines not only desirable but necessary**. In particular, **the phase-out of free allowances, the extension of CBAM to downstream goods, and the deployment of export and anti-circumvention measures must be carefully synchronized**. To preserve a level playing field, the introduction of CBAM on downstream products should mirror, in financial terms, the reduction of free allowances under the EU ETS and the progressive introduction of payable CBAM certificates on imports of carbon-intensive raw materials used in their production. Any delay, misalignment, or retrospective adjustment would create exposure to irreversible carbon leakage and significantly undermine industrial investment in Europe.



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## Annex

### FEC amendment proposals

#### I. On Annex I of the Regulation Proposal 2025/0419 (COD)

##### Amendment proposal 1

##### **Annex I to Proposal for a regulation 2025/0419 (COD)**

*Text proposed by the Commission*

Annex I is amended as follow:

in point 2, the table 'Iron and Steel' is replaced by the following:

'[Iron and steel

CN code	Greenhouse gas
72 – Iron and steel	Carbon dioxide
Except:	
7202 21 00, 7202 29 – Ferro-silicon	
7202 30 00 – Ferro-silico-manganese	
7202 50 00 – Ferro-silico-chromium	
7202 70 00 – Ferro-molybdenum	
7202 80 00 – Ferrotungsten and ferro-silicotungsten	
7202 91 00 – Ferrotitanium and ferro-silicotitanium	
7202 92 00 – Ferrovanadium	
7202 93 00 – Ferro-niobium	
7202 99 – Other:	
7202 99 10 – Ferro-phosphorus	
7202 99 30 – Ferro-silicomagnesium	
7202 99 80 – Other	

*Amendment*

Annex I is amended as follow:

in point 2, the table 'Iron and Steel' is replaced by the following:

'[Iron and steel

CN code	Greenhouse gas
72 – Iron and steel	Carbon dioxide
Except:	
7202 21 00, 7202 29 – Ferro-silicon	
7202 30 00 – Ferro-silico-manganese	
7202 50 00 – Ferro-silico-chromium	
7202 70 00 – Ferro-molybdenum	
7202 80 00 – Ferrotungsten and ferro-silicotungsten	
7202 91 00 – Ferrotitanium and ferro-silicotitanium	
7202 92 00 – Ferrovanadium	
7202 93 00 – Ferro-niobium	
7202 99 – Other:	
7202 99 10 – Ferro-phosphorus	
7202 99 30 – Ferro-silicomagnesium	
7202 99 80 – Other	

7204 – Ferrous waste and scrap; remelting scrap ingots of iron or and steel	
2601 12 00 – Agglomerated iron ores and concentrates, other than roasted iron pyrites	Carbon dioxide
7301 – Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel	Carbon dioxide
7302 – Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish- plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialised for jointing or fixing rails	Carbon dioxide
7303 00 – Tubes, pipes and hollow profiles, of cast iron	Carbon dioxide
7304 – Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel	Carbon dioxide
7305 – Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406,4 mm, of iron or steel	Carbon dioxide
7306 – Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel	Carbon dioxide

7204 – Ferrous waste and scrap; remelting scrap ingots of iron or and steel	
2601 12 00 – Agglomerated iron ores and concentrates, other than roasted iron pyrites	Carbon dioxide
7301 – Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel	Carbon dioxide
7302 – Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish- plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialised for jointing or fixing rails	Carbon dioxide
7303 00 – Tubes, pipes and hollow profiles, of cast iron	Carbon dioxide
7304 – Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel	Carbon dioxide
7305 – Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406,4 mm, of iron or steel	Carbon dioxide
7306 – Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or	Carbon dioxide

7307 – Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel	Carbon dioxide	similarly closed), of iron or steel	
7308 – Structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns), of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel	Carbon dioxide	7307 – Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel	Carbon dioxide
7309 00 – Reservoirs, tanks, vats and similar containers for any material (other than compressed or liquefied gas), of iron or steel, of a capacity exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment	Carbon dioxide	7308 – Structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns), of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel	Carbon dioxide
7310 – Tanks, casks, drums, cans, boxes and similar containers, for any material (other than compressed or liquefied gas), of iron or steel, of a capacity not exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment	Carbon dioxide	7309 00 – Reservoirs, tanks, vats and similar containers for any material (other than compressed or liquefied gas), of iron or steel, of a capacity exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment	Carbon dioxide
7311 00 – Containers for compressed or liquefied gas, of iron or steel	Carbon dioxide	7310 – Tanks, casks, drums, cans, boxes and similar containers, for any material (other than compressed or liquefied gas), of iron or steel, of a capacity not exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment	Carbon dioxide

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7312 10 – Stranded wire, ropes and cables, of iron or steel	Carbon dioxide
7314 39 00 – Other grill, netting and fencing, of iron or steel wire, welded at the intersection	Carbon dioxide
7318 – Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel	Carbon dioxide
7320 20 89 – Other helical springs, of iron or steel	Carbon dioxide
7320 90 90 – Other springs and leaves for springs, of iron or steel	Carbon dioxide
7323 94 <b>00</b> – Table, kitchen or other household articles, and parts thereof, of iron other than cast iron or steel, enamelled	Carbon dioxide
7323 99 <b>00</b> – <b>Other table, kitchen or other household articles, and parts thereof</b>	Carbon dioxide
7325 – Other cast articles of iron or steel	Carbon dioxide
7326 – Other articles of iron or steel	Carbon dioxide

7311 00 – Containers for compressed or liquefied gas, of iron or steel	Carbon dioxide
7312 10 – Stranded wire, ropes and cables, of iron or steel	Carbon dioxide
7314 39 00 – Other grill, netting and fencing, of iron or steel wire, welded at the intersection	Carbon dioxide
7318 – Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel	Carbon dioxide
7320 20 89 – Other helical springs, of iron or steel	Carbon dioxide
7320 90 90 – Other springs and leaves for springs, of iron or steel	Carbon dioxide
<b>7323 92 - Cast iron table, kitchen and other household articles, enamelled</b>	<b>Carbon dioxide</b>
<b>7323 93 - Stainless steel table, kitchen and other household articles and parts thereof</b>	<b>Carbon dioxide</b>
7323 94 – Table, kitchen or other household articles, and parts thereof, of iron other than cast iron or steel, enamelled	Carbon dioxide
7323 99 – <b>Other household articles and parts of household articles of iron or steel (not elsewhere specified)</b>	Carbon dioxide
<b>7324 10 - Sinks, washbasins, and similar kitchen fixtures, of stainless steel</b>	<b>Carbon dioxide</b>
7325 – Other cast articles of iron or steel	Carbon dioxide

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7326 – Other articles of iron or steel	Carbon dioxide
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**Amendment proposal 2**

**Annex I to Proposal for a regulation 2025/0419 (COD)**

**List of row to add to Annex 1 (new)**

*Text proposed by the Commission*

*Amendment*

Annex I is amended as follow:  
in point 2, in the table ‘Aluminium’, the following CN Code is added:

CN code	Greenhouse gas
<b>7615 10 - Aluminium household articles and parts thereof</b>	<b>Carbon dioxide</b>

**Amendment proposal 3**

**Annex I to Proposal for a regulation 2025/0419 (COD)**

**List of rows to add to Annex 1 (new)**

*Text proposed by the Commission*

*Amendment*

Annex I is amended as follow:  
(1) the following table is added:  
**‘[Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal**

CN code	Greenhouse gas
<b>8211 - Knives with cutting blades</b>	<b>Carbon dioxide</b>

<b>8212 - Razors and razor blades</b>	<b>Carbon dioxide</b>
<b>8213 - Scissors, tailors' shears and similar shears</b>	<b>Carbon dioxide</b>
<b>8214 - Other articles of cutlery</b>	<b>Carbon dioxide</b>
<b>8215 - Spoons, forks and other table or Kitchenware</b>	<b>Carbon dioxide</b>

## II. On the Regulation proposal 2025/0419 (COD)

### Amendment proposal 4

#### Proposal for a regulation

##### Recital 40

<i>Text proposed by the Commission</i>	<i>Amendment</i>
<p>(40) In accordance with the European Steel and Metals Action Plan, the extension of the scope of Regulation (EU) 2023/956 should focus on the metal sectors and goods that contain a significant share of CBAM products. It should therefore cover steel and aluminium-intensive downstream goods <b>that are the most imported into the Union in terms of numbers, value and volume, and</b> that face the highest risk of carbon leakage. The steel and aluminium sectors also demonstrate the highest technical feasibility for the calculation of actual emissions embedded in goods.</p>	<p>(40) In accordance with the European Steel and Metals Action Plan, the extension of the scope of Regulation (EU) 2023/956 should focus on the metal sectors and goods that contain a significant share of CBAM products. <b>That assessment should not be limited to the current CBAM scope (CBAM goods and emission scope), but anticipate upcoming extensions, and should take into account the full value chains of goods already covered, in particular downstream products deriving from those sectors (steel, iron and aluminium custom nomenclatures and nomenclatures of products with high steel and/or aluminium portions), in order to properly capture the long-term effects of the mechanism and upcoming extension of CBAM scope.</b> It should therefore cover steel and aluminium-intensive downstream goods that face the highest risk of carbon leakage, <b>being under the current CBAM scope and full-scale CBAM scenario.</b> The steel and aluminium sectors also demonstrate the highest technical feasibility</p>

	for the calculation of actual emissions embedded in goods.
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**Amendment proposal 5**

**Proposal for a regulation**

**Recital 41**

<i>Text proposed by the Commission</i>	<i>Amendment</i>
<p>(41) The selection of the downstream steel and aluminium-intensive goods should be based on clearly defined criteria and thresholds, reflecting the risk of carbon leakage associated to each product, including their share of embedded emissions, their climate relevance and the technical feasibility of their inclusion in the scope of Regulation (EU) 2023/956. The risk of carbon leakage should be appreciated with regards to both the tradability of the product and the comparison between the carbon cost embedded in the product’s inputs materials (precursors) and the product’s overall value added. Based on the same criteria, the Commission should in the future assess the extension of the scope of that Regulation to additional downstream goods and present its conclusions in a report to the European Parliament and to the Council.</p>	<p>(41) The selection of the downstream steel and aluminium-intensive goods should be based on clearly defined criteria and thresholds, reflecting the risk of carbon leakage associated to each product, including their share of embedded emissions, their climate relevance and the technical feasibility of their inclusion in the scope of Regulation (EU) 2023/956. <b><i>That risk should be assessed in a forward-looking manner, taking into account the cumulative transmission of carbon costs along the value chain over time, rather than being assessed solely on the basis of the current scope of the CBAM.</i></b> The risk of carbon leakage should be appreciated with regards to both the tradability of the product and the comparison between the carbon cost embedded in the product’s inputs materials (precursors) and the product’s overall value added. <b><i>On that basis, conclusions on the inclusion or exclusion of downstream goods should be guided by the expected long-term structural impact of the CBAM on downstream activities.</i></b> Based on the same criteria, the Commission should in the future assess the extension of the scope of that Regulation to additional downstream goods and present its conclusions in a report to the European Parliament and to the Council.</p>