

Letter to the European Parliament, the Council of the European Union and the European Commission

Subject: Trilogue negotiators must secure a robust CBAM in a geopolitically volatile world

Dear Co-Legislators,

As companies operating across Europe's essential industrial value chains, we support the European Union's resolve to preserve a strong, competitive and resilient industrial base on its path to climate neutrality. The Carbon Border Adjustment Mechanism (CBAM) is a cornerstone of that ambition.

The experience of recent geopolitical shocks demonstrates that a robust industrial base is not only an economic asset, but also a strategic imperative for Europe. By addressing carbon leakage and helping to ensure fair competition, CBAM supports industrial decarbonisation, strengthens Europe's competitiveness and reinforces Europe's resilience in strategic value chains. CBAM provides companies with the confidence to invest in low-carbon technologies, industrial innovation and the modernisation of production assets. Such investments involve significant capital commitments and planning horizons measured in decades, not years. Amid geopolitical tensions, energy market volatility and intensifying global competition, a stable and predictable regulatory framework is one of Europe's most powerful tools to unlock long-term industrial investment.

As you enter trilogue negotiations on the CBAM downstream scope extension, the European Parliament's decision to delete Article 27a reflects an important principle: the response to geopolitical volatility cannot be regulatory uncertainty. Introducing such a mechanism creates uncertainty about the future application of CBAM, which would weaken that confidence precisely when Europe needs to mobilise substantial private-sector investment. Using CBAM revenues to support downstream users of CBAM goods in moments of economic or geopolitical crisis is a sensible approach which does not call into question commitment to Europe's industrial transformation and competitiveness.

We therefore urge you to preserve the European Parliament's approach to deleting Article 27a in the final agreement and to explore alternative solutions to preserve resilience in downstream sectors in times of crisis, without undermining the integrity of CBAM. This would provide the certainty needed to support continued investment in Europe's industrial decarbonisation, competitiveness and resilience.

The purpose of this letter is to draw attention to the need for regulatory certainty in a geopolitically volatile world. This common objective complements other important priorities of the undersigned, such as an effective and broad extension of CBAM to downstream sectors, robust CBAM enforcement at national level, an effective mechanism against circumvention and abusive practices, and the removal of international carbon credits that undermine CBAM's integrity.

We thank you for considering the shared views of the undersigned companies as the negotiations progress.

Yours sincerely,

Signatory Companies

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