

European Office

VDMA Amendment Proposals

CBAM downstream extension & anti-circumvention – Commission proposal (December 2025)

Recitals

Reference	Commission proposal text (verbatim / excerpt)	VDMA amendment request (incl. justification)
Whereas (1)	<p>“Regulation (EU) 2023/956 ... was initially designed with a limited scope, covering those goods that are most exposed to the risk of carbon leakage and that are most carbon intensive. The scope of that Regulation should be gradually extended to cover products further down the value chain of the goods listed in Annex I to that Regulation.”</p>	<p>Replace the second sentence with: “The scope ... should only be extended to cover products further down the value chain ... in exceptional circumstances, where it is proven not to harm downstream industries, especially those with a large export quota, and based on quantitative and transparent methodologies.”</p> <p>Justification: For downstream machinery and plant engineering (B2B), a scope extension can increase complexity and cost and needs strict evidence-based safeguards.</p>
Whereas (19)–(20) (pre-consumer scrap; circular economy)	<p>“(19) Emissions from the production of pre-consumer scrap in the Union are subject to a carbon price ... Since pre-consumer aluminium and pre-consumer steel scrap ... are assigned zero-emissions, imported goods using pre-consumer aluminium and pre-consumer steel scrap as input material are subject to a lower</p>	<p>Keep the Commission’s exclusion of post-consumer scrap and explicitly safeguard circular economy business models for machinery: (i) maintain the explicit exclusion of post-consumer scrap in Annex VIII; (ii) prevent any future CBAM extension to end-of-life scrap flows for refurbished/remanufactured</p>

	<p>carbon price ...”</p> <p>“(20) ... emissions of pre-consumer aluminium scrap and preconsumer steel scrap should be taken into account ... only ... when used as a precursor for goods listed in Annex I ... the inclusion of post-consumer scrap ... could disincentivise the circular economy ...”</p>	<p>machinery.</p> <p>Justification: Remanufacturing/refurbishment business models rely on re-import of end-of-life machines and secondary material flows; additional CBAM charges on such flows would undermine circular economy incentives.</p>
Whereas (21) (Paris Agreement Article 6)	<p>“(21) To facilitate the application of Regulation (EU) 2023/956, the Union may in the context of the Implementing Regulation for accounting the carbon price paid abroad, consider the carbon credits under Article 6 of the Paris Agreement.”</p>	<p>Maintain recital (21) (do not delete).</p> <p>Justification: Maintaining the option to consider Paris Agreement Article 6 credits supports global decarbonisation cooperation and investment in mitigation where most effective.</p>
Whereas (23) & (44) (complex value chains; mark-up)	<p>“(23) ... longer and more complex global value chains ... Sourcing verified information ... will be administratively difficult ... To address these challenges, the use of default values ... should be facilitated by the non-application of the mark-up ...”</p> <p>“(44) ... use of default values ... should be facilitated by the non-application of the mark-up ...”</p>	<p>Support the principle that for complex downstream goods default values should not be subject to mark-up; request that this is strengthened in primary law (see Article 7 amendment) to provide legal certainty for downstream importers of complex goods.</p> <p>Justification: Reliance on secondary legislation creates uncertainty; importers need predictable treatment where actual data is impracticable.</p>
New recital (40a) (proposed by VDMA)	<p>— (not included in the Commission proposal)</p>	<p>Insert new recital: “Extending the scope of CBAM to downstream goods may restore competitiveness on the EU internal market. However, it will</p>

		<p>not address the loss of competitiveness on export markets outside the EU. There is therefore an urgent need for appropriate solutions to restore export competitiveness for downstream industries affected by CBAM.”</p> <p>Justification: Downstream scope extension without export solutions risks shifting investment/production outside the EU.</p>
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Articles

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<p>Article 1(5) – amending Article 6 (CBAM declaration)</p>	<p>“(5) Article 6 is amended as follows: (a) paragraph 2 is amended as follows: (1) point (b) is replaced by: ‘(b) the total embedded emissions ... calculated in accordance with Article 7 and, where the embedded emissions are determined on the basis of actual emissions provided by the operator via the CBAM registry ... verified in accordance with Article 8;’; (2) the following points (e) and (f) are added: ‘(e) ... evidence that the goods ... were produced at the declared installation and at the actual time of production ...; (f) ... where ... actual emissions ... subject to a high risk of</p>	<p>Add new paragraph 1a to Article 6(1) (deadline for first CBAM declaration for year 2026): “By derogation ... the deadline ... in 2027 for the year 2026 shall be set on 31 December 2027.”</p> <p>Justification: Verifier capacity constraints and supply-chain data availability risks require additional time for the first declaration cycle to avoid excessive costs and forced reliance on default values.</p>

	<p>abusive practices, evidence demonstrating that the high risk ... has not materialised.';</p> <p>(b) in paragraph 6, the first sentence is replaced by: 'The Commission is empowered to adopt implementing acts concerning the standard format of the CBAM declaration ... including procedures for the review of CBAM declarations ...';</p> <p>(c) the following paragraphs 6a and 7 are added: '6a. The Commission is empowered to adopt implementing acts ... identification of goods ... for which evidence is to be included ... as well as the specific type of evidence ...</p> <p>7. The Commission shall monitor ... and ... is empowered to adopt delegated acts ... laying down ... information ... and evidence ..."</p>	
<p>Article 1(6) – amending Article 7 (embedded emissions / mark-up)</p>	<p>“(6) Article 7 is amended as follows: (a) the following paragraph 2a is inserted: '2a. Embedded emissions in input materials (precursors) listed in Annex VIII shall be considered ...'; (b) paragraph 5 is replaced by: '5. The authorised CBAM declarant shall keep records ...'; (c) in paragraph 7, the following subparagraph is added: 'The implementing acts ... may provide a list of downstream</p>	<p>Strengthen Article 7(7) in primary law: for downstream goods covered by the scope extension, where embedded emissions are determined using default values, no mark-up shall apply to those default values.</p> <p>Justification: For complex downstream products, reliable actual emissions data is often be unavailable</p>

	goods for which ... no mark-up is to apply.’;”	in practice; a mark-up on default values is be disproportionate and creates uncertainty.
Article 1(7) – Article 9(5) (carbon price paid abroad / Article 6 credits)	“(7) Article 9 ... paragraph 5 ...: ... ‘The Commission is also empowered to regulate the conditions for deducting carbon credits under Article 6 of the Paris Agreement.’”	Support maintaining the possibility to consider Paris Agreement Article 6 carbon credits when accounting for carbon price paid abroad, and ensure proportional, workable evidence requirements. Justification: Supports international climate cooperation and encourages robust carbon pricing approaches globally.
Article 1(17) – new Article 27a	“(17) the following Article 27a is inserted: ‘Article 27a Serious and unforeseen circumstances The Commission shall monitor ... impact of the CBAM ... Where the Commission ... considers that the inclusion of a good in Annex I causes severe harm ... it is empowered to adopt delegated acts ... to remove this good from Annex I until ... circumstances have passed.’”	Amend and rename as “Safeguard clause”, specifying clear triggers and procedure (monitoring incl. impact on Union users, transparent criteria and stakeholder consultation) to ensure the clause is workable and legally certain. Justification: The Commission wording is broad; clearer criteria reduce uncertainty and ensure the clause can protect downstream sectors in exceptional economic situations.

Annex references (Commission proposal Annexes 1–3)

Reference	Commission proposal text (verbatim / excerpt)	VDMA amendment request (incl. justification)
Annex I – scope extension (excerpt)	“ANNEX I ... the table ‘Iron and Steel’ is replaced ... including 7204 – Ferrous waste and scrap; and a new table is added: ‘Combined metal products’ ... (selected CN codes).”	<p>For scope discussions: ensure scrap-related inclusions do not disincentivise circular economy and do not capture end-of-life flows for machinery refurbishment/remanufacturing.</p> <p>Justification: Avoid unintended impacts on circular business models and secondary raw material availability.</p>
Annex III – new Annex VIII (precursors: scrap except post-consumer)	“ANNEX VIII ... ex 7204 ... except post-consumer scrap ...; ex 7602 Aluminium waste and scrap except post-consumer scrap.”	<p>Support explicit exclusion of post-consumer scrap; request monitoring to prevent misreporting and ensure circular economy objectives are upheld.</p> <p>Justification: Consistent with circular economy and avoids penalising end-of-life material flows.</p>