A REALISTIC CBAM THAT WORKS FOR THE WHOLE AUTOMOTIVE VALUE CHAIN

Joint letter ahead of the upcoming interinstitutional negotiations on Carbon Border Adjustment Mechanism (CBAM) scope extension

5 October 2026

Ahead of the kick-off of interinstitutional negotiations on the proposed extension of the Carbon Border Adjustment Mechanism (CBAM), we are writing on behalf of the entire European automotive value chain — representing Europe's vehicle manufacturers, automotive suppliers and tyre manufacturers — to raise concerns about the current direction of the political negotiations on this file.

Our industries support CBAM's objective. A well-designed mechanism can help prevent carbon leakage, strengthen Europe's climate policy and create an effective level playing field across the whole value chain. The automotive value chain is committed to technology-neutral decarbonisation and to the EU's climate goals.

However, the concerns of automotive downstream manufacturers have not been taken into account to the extent that significant risks arise.

An overly extensive approach, bringing more goods into CBAM's scope, will create significant compliance burdens on the affected companies and industries, long before the current regime has proven its effectiveness and shown its maintainability across global supply chains. It risks turning what is, in principle, a sound regulatory initiative into an operational and financial burden. This financial pressure extends across the entire automotive ecosystem: vehicle manufacturers, component suppliers, and tyre producers. The automotive industry already faces increasing carbon-related costs for steel and aluminium produced in Europe, and any extension of CBAM to downstream products should therefore avoid double of multiple carbon-cost burdens across the value chain. These industries support millions of jobs, enable mobility, and drive innovation and safety — making them essential to Europe's environmental ambitions, economic resilience and industrial competitiveness.

We call policymakers to ensure that CBAM's scope is extended to downstream sectors only where a material carbon-leakage risk is demonstrated, and only when methodology, data availability and verification capacity are proven to work for complex downstream products. Any possible extension should duly reflect realistic timelines and be able to take into account a true assessment of how CBAM works in practice. The proposed 2028 implementation deadline is therefore too early.

Scope decisions should be transparent, evidence-based and grounded in supply-chain realities, with sufficient verification capacity in place before additional complex goods are covered. Many of the proposed additional products to the CBAM current scope fail to meet sound technical evidence and criteria. Particularly concerning is that the methodological approach set out by the European Commission in its proposal is not being applied consistently.

We therefore recommend adjusting the current Commission’s proposal with a proportionate expansion to more complex goods, targeting the greatest carbon-leakage risks through the smallest necessary

number of relevant precursors. Currently, the list under negotiations includes hundreds of CN codes going beyond any realistic approach and technical consideration based on which the entire system was designed. Such a broader expansion, before the system has proven effective, would come with significant risks and uncertainties for our industries. In particular, for certain automotive products, the proposed extension, while providing marginal carbon-leakage protection to upstream producers, would generate additional costs and shift carbon-leakage risk to downstream automotive manufacturers. This risks creating unintended consequences for the supply of key goods that are either not produced in the EU or whose EU production is already largely absorbed by the European automotive industry.

Furthermore, we ask policymakers to reduce compliance burdens for companies wherever possible without undermining CBAM's objective, including the use of more proportionate default values and the simplification of primary data reporting. Default values for newly added CN codes should be published swiftly to give companies certainty to plan and should reflect actual production routes. This is particularly the case for aluminium scrap and post-consumer scrap, where the application of a single default value, without distinguishing between primary and secondary production routes, would discourage recycling.

CBAM compliance already creates significant financial pressure on companies through penalising default values. In long and complex supply chains, importers have little leverage to collect actual emissions data further up the value chain, relying on these default values instead of primary data. This pressure would extend to many small importers if the threshold for aluminium products is lowered from 50 to 5 tonnes, for negligible extra emissions coverage. The 50-tonnes threshold for aluminium should therefore retained unless robust evidence supports a different calibration, so that the focus stays on larger importers able to implement the necessary monitoring, reporting and verification (MRV) system and to manage complex supply chains. As an alternative to lowering the threshold, a de minimis exemption based on the importer-supplier relationship should be considered, allowing regulatory efforts to target material trade flows more effectively while avoiding disproportionate burdens on smaller operators.

We then urge that proportionate default values, primary data reporting, thresholds, mitigation measures and compensation be designed with downstream industries in mind, especially when carbon leakage protection has not been in place yet; otherwise, the compliance burden and costs will create additional competitiveness losses for the whole automotive value chain.

CBAM can support both climate ambition and European competitiveness, but only if it truly protects the whole industry from carbon leakage and not just shifting the risk further down the value chain. We urge EU regulators to support a workable and balanced approach that keeps investment, jobs and manufacturing in Europe.

We hope that the concerns raised in this letter will be considered in the upcoming trilogue to ensure the final outcome reflects a balanced and workable framework for the entire automotive value chain.

Yours sincerely,

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