

Press release

CBAM proposals single out key loopholes but fall short of ensuring comprehensive and structural solutions, warns EUROFER

Strasbourg, 17 December 2025 – The European Commission’s latest proposals on the Carbon Border Adjustment Mechanism (CBAM), unveiled today, correctly identify several loopholes that risk undermining its effectiveness, notably regarding EU exports, downstream sectors and circumvention practices. However, despite these laudable efforts, the measures put forward fail to deliver a comprehensive and durable response to carbon and jobs leakage, warns the European Steel Association (EUROFER).

“Recognising the weaknesses of CBAM and proposing remedies is a long-awaited and necessary first step to ensure the effectiveness of the mechanism. However, the solutions proposed so are insufficient, and fail to address key weaknesses. They do not yet provide the level of protection against carbon and jobs leakage European steel urgently needs to successfully transition while remaining competitive on global markets. If the EU wants to lead by example and match its climate ambition with a credible industrial policy, CBAM must be made rock-solid and watertight – and this, from day one”, said Axel Eggert, Director General of EUROFER.

In particular, the approach to EU exports remains piecemeal and lacks a structural solution. The proposed measures are limited both in time, with a duration of only two years, and in product scope, with less than a quarter of steel exports covered. Moreover, the financial resources of such Transitional Decarbonisation Fund are highly uncertain. Without a long-term and comprehensive solution, EU steel producers remain at a competitive disadvantage on global markets.

The Commission also rightly acknowledges circumvention risks, including resource shuffling. Such practice, if not properly addressed, would favour creative emissions accounting by artificially lowering reported emissions without driving their reduction at global level. While this recognition is welcome, the proposed measures are highly uncertain in time and effectiveness since they do not provide convincing deterrents but only potential ex-post fixes to be developed by the Commission in future implementation rules. The inclusion of pre-consumer scrap as a CBAM precursor, which was a priority only for an aluminium operator, risks creating countereffects in the steel sector.

As regards downstream sectors, the Commission proposes extending CBAM coverage only to a very limited number of downstream products. While this constitutes a first move in the right

direction, it falls short of protecting downstream products at risk of carbon leakage, leaving gaps along the value chain and creating new potential loopholes.

“We sincerely appreciate the Commission’s continued engagement with the steel sector to implement the Steel and Metals Action Plan (SMAP), but goodwill alone is not enough. Without structural solutions, CBAM risks backfiring by further penalising European steelmakers and their customers striving for decarbonisation in a challenging geo-economic environment where massive overcapacity, high energy prices and unfair trade practices do not allow any margin for error any longer. We stand ready to discuss further with the legislators how to make CBAM fully watertight and effective for our value chains.”, concluded Axel Eggert.

Notes for editors

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About the European Steel Association (EUROFER) and the European steel industry

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Turkey, Ukraine and the United Kingdom are members. The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €215 billion and directly employs around 298,000 highly-skilled people, producing on average 146 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe’s manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.