The European Commission
Directorate-General for Taxation and Customs Union

17 August 2025

Public consultation uploaded feedback

Extension of the product scope of the EU CBAM to prevent further carbon leakage and potential circumvention

The Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (the CBAM Regulation)[1] entered into force on 17 May 2023 and is applicable as of 1 October 2023. The CBAM Regulation seeks to prevent the risk of carbon leakage by levelling the playing field for EU products covered by the EU Emission Trading Scheme (EU ETS) and imported products to which the EU ETS does not apply.

The CBAM initially covers only certain sectors and goods and will be gradually extended, with the aim of including, by 2030, all the sectors covered by the EU ETS. On 1 July 2025, the Commission has launched a public consultation that aims to gather the opinions of all stakeholders on the policy design of CBAM's potential scope extension to specific downstream products, anti-circumvention measures and rules for the electricity sector, as well as on their potential social, economic, environmental, and administrative impacts.

The European Non-Integrated Wire Rod Processors Association (EUNIRPA) welcomes the opportunity to give evidence for this impact assessment concerning the downstream extension of, and the introduction of additional anti-circumvention measures to the EU's CBAM.

EUNIRPA is an association that represents 14 members covering 12 Member States and defends the interests of European non-integrated wire rod processors and other long steel products in all EU trade, customs and anti-trust matters affecting their business activities, whether at national level or at EU level. All EUNIRPA members are active in the steel transforming business. Contrary to fully integrated steel manufacturers that produce their own steel and process it into semi-finished or finished products, the members of EUNIRPA do not produce their own steel out of iron ore or scrap. Instead, they buy wire

[1] OJ L130, 16 May 2023, p. 52, available here.

rod from steel mills and transform the purchased wire rod (high and low carbon) into bright wires, galvanized wires, rebar on coil, bars, spacers, lattice girders, mesh and other wires for different applications. In total, the members of EUNIRPA are, by far, the largest importers and non-integrated industrial users of wire rod into the EU. Collectively, they represent a total market share of over 3.8 million tons in the wire rod processing industry.[2]

EUNIRPA expresses its support for the objectives of CBAM of fighting climate change by reducing global greenhouse gas emissions. However, amendments to CBAM to include downstream products are urgently needed to ensure that CBAM's objectives are not undermined by downstream carbon leakage. Virtually 100% of the steel feedstock purchased and used by the wire rod processing industry in the EU is covered by CBAM. However, none of the steel products processed by this important industry is currently included in the scope of CBAM. The adoption of such amendments would level the playing field and support European industry in its decarbonisation efforts.

With this letter, EUNIRPA, on behalf of its members, aims to provide industry insight to facilitate the European Commission's assessment of the extension of the scope of the CBAM Regulation to goods that are currently not included in Annex I to the CBAM Regulation.

EUNIRPA recalls that the selection of the initial product scope of the CBAM Regulation was based on the assessment of the relevance in terms of cumulated greenhouse gas (GHG) emissions and the risk of carbon leakage in the corresponding EU ETS sectors, while limiting complexity and administrative burden on the operators concerned.[3] EUNIRPA considers that the same criteria should also apply for the purpose of extending the scope of the CBAM to additional downstream products.

Based on those criteria, EUNIRPA considers that the downstream products classifiable under CN codes 7312, 7313, 7314 and 7317, should be included in the scope of the CBAM Regulation (the Relevant Products):

CN codes	**Description**
7312	Stranded wire, ropes cables, plaited bands, slings and the like, of iron or steel, not electrically insulated
7313	Barbed wire of iron or steel; twisted hoop or single flat wire, barbed or not, and loosely twisted double wire, of a kind used for fencing, of iron or steel
7314	Cloth (including endless bands), grill, netting and fencing, of iron or steel wire; expanded metal of iron or steel

[2] Additional information on EUNIRPA is available here.
[3] CBAM Regulation, recital (31).

7317	Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 8305) and similar articles, of iron or steel, whether or not with heads

The Relevant Products share a high degree of similarity

The Relevant Products listed above are all produced through wire rod processing (either low or high carbon). Most of the Relevant Products are exclusively made out of steel with no – or virtually no - other materials added in the production process. The Relevant Products that do not contain other type of material (zinc, copper, PVC etc.) are usually coated. Any such coating is insignificant both in terms of volume and in terms of added value. In addition, all Relevant Products share a similar cost structure and are in the low to mid-range value-added products.

Imports of the Relevant Products pose a significant risk of carbon leakage in the corresponding EU ETS sectors

Imports of products that are produced from the processing of wire rod and do not fall under the CBAM scope will escape any CBAM financial obligation that would normally be payable if wire rod had been imported for down-stream processing in the EU. Based on the recent import figures for 2024 and the default values for the transitional period published by the European Commission (2.21 tonnes of CO2/tonne of wire rod), EUNIRPA estimates a significant risk of carbon leakage in the volume of 2,000,488 tonnes of CO2 (2.21 x 905.198).

CN Code	**2024 – MT**
7312	418.186
7313	16.108
7314	357.293
7317	111.588
Total	**905.198**

Source: Eurostat

The import volumes of the relevant products are significant and continue to grow

In 2024, more than 905 thousand tonnes of products under the CN codes in question were imported into the European Union. This volume is extremely important and represents as much as 34% of the total import volume of wire rod during the same period and 4% of the total imports of steel products covered by the EU CBAM.

Although 2023 marked a temporary dip in import volumes due to the overall decrease in steel consumption in the EU during that year, the data for 2024, show a significant growth in import volumes of the Relevant Products both in absolute terms (an increase of 44% in 2024 as compared to 2015) and relative to imports of wire rod. In 2024, imports of the Relevant Products represented 34% of wire rod imports compared to 24% in 2018.

CN Code	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
7312	317.237	332.874	376.574	402.390	410.555	360.203	414.957	468.218	396.158	418.186
7313	12.963	17.706	10.361	8.449	7.629	8.541	11.685	17.716	10.758	16.108
7314	195.969	219.775	228.396	236.339	271.641	320.756	378.752	420.836	347.436	357.293
7317	100.066	110.407	112.981	121.708	127.760	126.836	143.892	152.961	95.521	111.588
Total	**628.250**	**682.777**	**730.328**	**770.904**	**819.604**	**818.356**	**951.307**	**1.061.753**	**851.896**	**905.198**
Growth vs year 2015	N/A	9%	16%	23%	30%	30%	51%	69%	36%	44%
Wire Rod	2.305.742	2.585.519	2.742.396	3.216.886	2.454.233	2.338.396	2.851.162	2.981.662	2.268.690	2.660.510
Growth vs year 2015	N/A	12%	19%	40%	6%	1%	24%	29%	-2%	15%
Import finished products vs wire rod	27,25%	26,41%	26,63%	23,96%	33,39%	35,00%	33,37%	35,61%	37,55%	34,02%

Source: Eurostat - MT

EUNIRPA estimates that, by January 2026, when the CBAM financial obligations will become applicable, imports of the Relevant Products could exceed 1.3 million tonnes and represent more than 50% of total wire rod imports into the EU. If these four CN codes are not included in the scope of the EU CBAM, EUNIRPA members will be at a competitive disadvantage compared to its overseas competitors who can imports the Relevant Products without paying additional CBAM costs. There is thus a high risk that production of the Relevant Products currently fulfilled by EUNIRPA Members in the EU will be relocated to third countries and imported into the EU without paying CBAM costs . If the CBAM is not extended to include the Relevant Products, this situation will inevitably create an additional risk of circumvention and will undoubtedly further accelerate imports of the Relevant Products thereby reducing the creation of added value in the EU. These trends clearly call for the inclusion of the Relevant Products into the CBAM scope as early as possible to avoid carbon leakage and a significant competitive disadvantage for the EU wire rod processing sector.

Inclusion of the relevant products in the CBAM scope is necessary to level the playing field for the European wire rod processors

If the Relevant Products are included in the scope of CBAM, non-EU wire rod processors and manufacturers of the Relevant Products will be able to compete with third country producers on a level playing field. This is because the conversion costs (i.e. conversion of wire rod to end product) for some products that fall under the four CN codes in question are comparable to the current EUA cost per metric tonne of CO2 under the EU ETS (approx. 85 EUR/tonne).

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Average import price wire rod	€ 452,66	€ 405,45	€ 480,04	€ 564,83	€ 523,73	€ 462,75	€ 675,94	€ 864,21	€ 659,81	€ 611,89
Average import price reinforcing mesh (ribbed)	€ 510,21	€ 479,50	€ 543,34	€ 595,51	€ 582,08	€ 515,19	€ 782,40	€ 961,71	€ 704,59	€ 692,95
Conversion cost (difference)	€ 57,55	€ 74,05	€ 63,30	€ 30,68	€ 58,35	€ 52,44	€ 106,46	€ 97,50	€ 44,78	€ 81,06

Source: Eurostat

Inclusion of the relevant products in the CBAM scope does not pose unreasonable complexity or administrative burden on the operators concerned

EUNIRPA submits that the inclusion of Relevant Products into the scope of CBAM could be achieved without too many technical difficulties for at least two reasons. First, most of the embedded emissions in the Relevant Products come from the initial steelmaking process, which is already in the scope of CBAM. There are typically a limited number of production steps between the steel inputs EURNIPA Members use and the final Relevant Products. The use of default values would also facilitate the process of calculating emissions.

Second, EUNIRPA notes that other steel products that are similar in terms of degree of processing are already included in the CBAM scope (e.g. CN 7318 – screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel). Moreover, similar downstream products in the aluminium sector are also included in the CBAM scope.

This confirms that the inclusion of the Relevant Products within the scope of CBAM would be technically feasible as it would not pose any unreasonable complex or administrative burden on the operators concerned.

In view of the foregoing, EUNIRPA, on behalf of its members, respectfully requests the European Commission to take into account the above considerations in its assessment for the extension of the scope of the CBAM Regulation. EUNIRPA and its members remain available, should the European

Commission wish to discuss any of the above considerations or to receive any relevant additional information.

Yours sincerely,

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