



POSITION PAPER

**LEGISLATIVE PROPOSAL AMENDING THE
CBAM: A GOOD STEP FORWARD, BUT
LET'S NOT GO BACK**

A large European Union flag with twelve gold stars on a blue field, waving in the wind. In the background, a classical building with a balcony and a blue sky are visible.

Bellona Europa welcomes the publication of the legislative proposal amending the Carbon Border Adjustment Mechanism (CBAM), and the related secondary legislation last December. **Bellona positively assesses the criteria guiding the extension of CBAM's scope to downstream goods and the proposed anti-circumvention measures.** We strongly recommend that the co-legislators do not deviate from the European Commission's overall approach.

Bellona Europa has long supported the establishment of CBAM as a key instrument to strengthen the EU carbon price signal while protecting European producers from the risk of carbon leakage arising from uneven climate ambition globally. In line with this objective, **Bellona advocates for a CBAM that effectively creates incentives for emissions reductions by operators in third countries**, as explicitly stated in Article 1 of the CBAM Regulation.

While overall, the legislative proposal goes in the right direction, it also contains elements that, if not carefully addressed, could risk undermining CBAM's climate integrity. According to the new framework that resulted from the [December publications](#), Bellona calls on the co-legislators not to weaken the proposal during the legislative process while strengthening those provisions that may compromise CBAM's climate credibility. In particular:

Article 27a

As highlighted by Bellona on a separate dedicated [analysis](#), the provisions in Article 27a raise serious concerns. If Article 27a is approved without changes, it would allow the Commission to remove goods from CBAM coverage in cases of "severe harm" to the internal market. Regardless of the sector it might be applied to, **Bellona regards this article as vitally threatening to the CBAM and carbon pricing** due to its ambiguous terminology and regulatory inconsistencies, retroactive application, threats to CBAM's climate integrity and credibility, and potential interference with the phase-out of free allowances under the EU ETS. Consequently, in order to prevent these negative consequences, Bellona Europa strongly recommends co-legislators to:

- **Delete Article 27a in its entirety.**

Downstream extension

Bellona welcomes the expansion of CBAM to downstream steel and aluminium-intensive products. The **Commission's balanced approach**, based on trade and carbon intensity, carbon leakage risk, and administrative feasibility, provides a strong foundation. In this context, co-legislators should:

- **Respect established principles:** Ensure that any downstream modifications to the CN code list follow the same principles applied by the Commission, including trade and emissions intensity, carbon leakage exposure, and administrative feasibility.
- **Ensure practical updates:** Design CN code changes so that importers can realistically report actual emissions, avoiding undue complexity or overly downstream coverage that would force reliance on punitive default values.

Anti-circumvention measures

Bellona welcomes the ex-post approach adopted by the Commission in assessing measures to prevent "abusive practices", finding it proportionate and aligned with CBAM's overall objectives. In this context, co-legislators should:

- **Maintain the ex-post approach:** Ensure that any restrictive anti-circumvention measure is applied **only when sufficient evidence of a high risk exists** and after consultation with experts from Member States, as set out in Article 28.5 of the CBAM.
- **Prioritise actual emissions values over default values:** Any additional condition for using actual emissions should be **targeted and proportionate**, addressing only realistic risks of abusive practices, without penalising companies that genuinely reduce emissions in response to CBAM.

Treatment of scrap

Bellona welcomes the inclusion of pre-consumer scrap as a CBAM precursor, closing a loophole that Bellona has been [flagging](#) for a long time. The clear differentiation in the legislative proposal between pre- and post-consumer scrap is particularly important, given the significant differences in emissions embedded in scrap-based products. To ensure environmental integrity and prevent circumvention, this distinction should be operationalised through robust and harmonised definitions and monitoring mechanisms. In particular:

- **Alignment with existing standards:** Article 3 (Definitions) should be expanded to explicitly link "post-consumer" and "pre-consumer" status to the **technical criteria of the Waste Framework Directive** and the **upcoming Circular Economy Act**.

In particular, more granular and expanded definitions of scrap would allow for enhanced monitoring and enforcement.

- **Balanced scrap accounting rules:** Ensure that scrap accounting does not unintentionally favour recycled materials in a way that disadvantages genuinely low-carbon primary materials, such as green iron. CBAM should promote circularity while also preserving strong incentives for deep industrial decarbonisation.

Carbon credits

The legislative proposal introduces new language referring to international carbon credits under Article 6 of the Paris Agreement. It empowers the European Commission to “regulate the conditions for deducting carbon credits”. While this article does not per se open the door to the introduction of carbon credits in the CBAM, **Bellona warns that any possible use of international carbon credits under CBAM could undermine its primary objective:** levelling the carbon pricing playing field across EU borders, and incentivising third countries to establishing or strengthening domestic carbon pricing systems. If importers were able to rely on international credits instead, this would weaken the incentive for decarbonisation and the establishment of robust carbon pricing systems abroad. In addition, there are quality concerns on the environmental and social integrity of carbon credits. Therefore, Bellona recommends to:

- **Maintain the principle of equivalence between the CBAM and the EU ETS:** any further secondary legislation adopted by the Commission on this matter must comply with the principle of equivalence, under which the CBAM must treat imported products in the same way as those produced within the EU under the EU ETS.
- **Keep credits out of CBAM:** the current language empowering the Commission to “*regulate the conditions for deducting carbon credits*” should not be expanded as a way for CBAM to include credits that would result in competitive disadvantage for EU companies.
- **Keep a strong ETS without credits:** bringing cheap and poorly-certified international credits into the EU ETS risks undermining the functioning of the system, as was the case when Clean Development Mechanism credits were allowed in Phase III of the ETS. The signal to domestic producers that they must cut emissions to stay within the agreed emission cap would be undermined by allowing credits generated by activities from outside the Union, especially if these credits are not as reliably quantified as EUAs.



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Bellona Europa is an independent, non-profit organisation that meets environmental and climate challenges head-on. We are result-oriented and have a comprehensive and cross-sectoral approach to assess the economics, climate impacts and technical feasibility of necessary climate solutions. To do this, we work with civil society, academia, governments and polluting industries.