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**NOTE**

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From: General Secretariat of the Council

To: Council

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Subject: Draft Regulation of the European Parliament and of the Council amending Regulation (EU) 2023/956 as regards the extension of its scope to downstream goods and anti-circumvention measures

- General approach
- = Statements

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Delegations will find attached the following statements to be included in the minutes of the Council meeting.

## **Statement by Estonia on CBAM downstream extension**

Estonia supports the Carbon Border Adjustment Mechanism (CBAM) as an important instrument for preventing carbon leakage, safeguarding the competitiveness of EU industry and contributing to global emissions reductions.

As a small and highly open economy, Estonia attaches particular importance to ensuring that any future extension of CBAM remains proportionate, targeted and administratively workable. While measures addressing genuine risks of carbon leakage and circumvention may be justified in certain downstream sectors, extending CBAM obligations to widely traded consumer goods and products with complex global value chains could create significant compliance costs for businesses, additional burdens for customs and national authorities, and increased administrative complexity with limited additional climate benefits.

Estonia supports extending CBAM to downstream products where there is a significant climate impact, a clear risk of carbon leakage or circumvention, and a strong link to CBAM-covered materials. The selection of additional products should be based on objective criteria and supported by a proper assessment of their impacts, including potential effects on prices, compliance costs, administrative burdens and supply chains, particularly in smaller and import-dependent Member States.

For a number of products proposed during the negotiations beyond the Commission's original proposal, these impacts have not been sufficiently assessed. In light of these concerns, Estonia abstains on the General Approach. Estonia considers that any future expansion of CBAM should follow a gradual and evidence-based approach, guided by practical implementation experience and comprehensive impact assessments and ensuring that the scope of the mechanism remains focused on products and sectors where it can most effectively contribute to its climate and competitiveness objectives.

## Statement by Germany

We would like to thank the Presidency and the Commission for the constructive work on the file.

From the German perspective, the draft submitted is an acceptable compromise. It is important to enter into trilogue negotiations now. It is particularly important for industry that downstream extension and circumvention risks are addressed now.

We would like to raise the following points:

- In the context of the downstream extension, it is important for us that MS are closely involved in the trilogue negotiations. As laid down in this proposal, examining the criteria-based extension of the list will be an ongoing task.
- The question of including post-consumer scrap as a precursor for the production of aluminium should also be looked at again in detail.
- In order to make implementation as unbureaucratic as possible, it is important to us that global default values for downstream products are applied at the outset as a matter of principle. If the basis for the data is reliable, country-specific default values for a given product should be determined by the Commission and applied instead of the global default value, as envisaged in the compromise.
- Further measures against circumvention and abusive practices, and for reducing the administrative burden, while at the same time preserving carbon leakage protection, climate mitigation character and international acceptance of the mechanism, need to be considered both in the implementation of the CBAM Regulation and in future amendments of the CBAM Regulation. It is precisely in these areas that it is important to closely monitor actual developments and react quickly. The possibilities for action set out in this proposal should be used in this respect. We also ask the Commission to take protecting against circumvention and abusive practices and reducing the administrative burden and simplifying procedures into account, in particular in the context of the next review process.

- A solution for carbon leakage protection for exports is also essential. With regard to both the proposal for a temporary decarbonisation fund and the permanent solution announced as part of the ETS reform, it is important that businesses are given planning certainty as soon as possible.
  - It is crucial that, as part of the set of instruments for achieving our climate goals, the CBAM provides the industrial sectors concerned with effective carbon leakage protection, which helps to maintain the competitiveness of these sectors. The realisation of this objective should be under constant review, including in particular in the context of the next review process.
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