

**Ursula von der Leyen**  
President, European Commission

**Stéphane Séjourné**  
Executive Vice President for Prosperity and Industrial Strategy, European Commission

**Wopke Hoekstra**  
Commissioner for Climate, Net Zero and Clean Growth, European Commission

25 February 2025

## **Orgalim call for a radical overhaul of CBAM to safeguard competitiveness**

Dear President von der Leyen,  
Dear Executive Vice President Séjourné,  
Dear Commissioner Hoekstra,

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electronics, ICT and metal technology branches. As Europe's largest manufacturing sector with a strong export orientation, technology industries are major downstream users of raw materials that fall under the scope of CBAM, such as steel and aluminium.

CBAM, together with the progressive phaseout of Free Allocation under the EU Emissions Trading System (ETS FA), will significantly increase the cost of primary manufacturing inputs for our members. Technology companies across Europe will, therefore, experience a **major loss of competitiveness vis-à-vis third country manufacturers**, who can access raw materials at more competitive prices. Since CBAM only applies to raw materials but not to finished products, third country manufacturers will enjoy an advantage both on the EU market (as their exports will not be subject to CBAM) and on third country markets to which the EU technology industries **export 47% of their production**.

Orgalim recently completed a study to quantify the combined impact of CBAM and the parallel phaseout of ETS FA on competitiveness, assessing the resulting risk of carbon leakage for downstream products. The study is based on a survey of 14 companies across all three industrial branches of Orgalim, which provided data on 15 individual products, including electric motors, transformers, forklift trucks and hand tools.

The results of the study are staggering. **Three quarters of the products surveyed will become at risk of carbon leakage by 2034**, when CBAM will be fully phased in. Companies will experience **increases in production costs of up to 48% in some cases**.

*Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,835 billion, manufacturing one-third of all European exports and providing 11.7 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.*

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As CBAM started applying as a reporting obligation (without any financial liability for importers) as of October 2023, our industries are already facing the burden of complying with **highly complex rules to calculate and report on embedded emissions in imported CBAM goods**. Reporting obligations in themselves negatively impact the competitiveness of our industries as they drain human and financial resources away from research, innovation and other core business functions.

In light of the above, our industries can only conclude that that CBAM is a **deeply flawed measure, which appears doomed to fail to achieve its intended objectives**. Rather than preventing carbon leakage, CBAM will only shift carbon leakage risks downstream in EU's value chains, incentivising technology companies to move production outside the EU where raw materials can be sourced at more competitive prices. This will put hundreds of thousands of jobs at risk across Europe and deal a fatal blow to the EU's attractiveness as an investment location.

For the above reasons, we call on the Commission to **withdraw CBAM as a matter of priority before the beginning of the definitive period on 1 January 2026, while suspending the phaseout of ETS FA**. While we support the Commission's objective to promote the decarbonisation of the EU economy, we do not consider CBAM to be the right tool to achieve that goal.

We acknowledge the Commission's intention to put forward a "CBAM Simplification Package" to reduce the administrative burden that it entails, as announced in the Competitiveness Compass. We believe that any simplification measure aimed at reducing CBAM's administrative burden will not be sufficient to address the structural flaws of CBAM and its negative impact on competitiveness. The only real solution that our industries can support is a **full withdrawal of CBAM before the end of the transition period**.

As long as CBAM remains in place, our industries need **immediate, short-term relief from the huge administrative burden that it entails**. We have therefore identified a number of concrete measures that should be urgently implemented in this respect, which are listed in the Annex to this letter.

We remain at your disposal to provide any further clarification on the issues raised in this letter.

Sincerely,



Olivier Janin  
Acting Director-General, Orgalim

# ANNEX

The present Annex lists concrete measures that are needed in the short term to provide companies with immediate relief from the huge administrative burden that CBAM entails, as long as CBAM remains in place. Orgalim however considers that these measures will by no means be sufficient to address the negative impact that CBAM will have on the competitiveness of our industries. Indeed, such negative impact arises primarily from the additional raw materials costs that manufacturers will have to bear as a result of CBAM as well as of the phaseout of FA under the EU ETS, which will put them at a disadvantage vis-à-vis their international competitors.

## 1. Allow unrestricted use of default values

- Allow CBAM declarants to **use default values as an alternative to actual emission values without restrictions** for the whole duration of the transition period as well as after the transition period ends.

## 2. Simplify reporting and eliminate duplicate reporting requirements

- Devise measures to **enable National Competent Authorities (NCAs) to pre-compile CBAM reports** with information including Combined Nomenclature (CN) codes, quantities and country of origin of imported CBAM goods, based on existing available customs data submitted by companies to customs authorities at the time of import. This would avoid a situation where companies have to report the same data points twice (once at the time of import and once in CBAM declarations).
- **Refrain from requiring importers of CBAM goods to report specific TARIC<sup>1</sup> codes in their customs declaration to confirm to customs authorities that they are authorised CBAM declarants**, for each individual import of CBAM goods<sup>2</sup>. This constitutes a clear example of double reporting, it would entail a significant administrative burden for companies and would likely lead to errors and potential disruptions in import flows. Customs authorities should already be able to assess whether an importer is an authorised CBAM declarant based on the Economic Operators Registration and Identification (EORI) number reported in the customs declaration. EORI numbers of authorised CBAM declarants are linked to CBAM account numbers and both data points can be retrieved from the CBAM Registry, which is accessible in real time to customs authorities.
- **Create simplified reporting templates with clear instructions and minimal data entry requirements**, such as standardised forms that auto-populate certain fields, reducing manual input and errors.
- **Ensure better integration of CBAM Registry and CBAM reporting in general with other existing data collection systems**. This would ease the burden substantially for companies who are already gathering emissions data from their production and value chain.

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<sup>1</sup> TARIC = Integrated Tariff of the European Union

<sup>2</sup> [CBAM – TARIC Data – Explanations](#) (Source: DG TAXUD)

- **Clarify the mandatory data elements to be provided by declarants when submitting CBAM reports.** There is currently a discrepancy in terms of which data elements are mandatory depending on whether companies submit CBAM reports in .xls/XML format or by means of manual online data entry in the CBAM Declarant Portal.

### 3. Introduce scaled reporting obligations based on company size, import volume, or emission levels.

- **Increase the current €150 *de minimis* value threshold,** or consider replacing it with a different *de minimis* threshold based on weight in tonnes.

### 4. Facilitate importers based in close partner countries

- **Allow importers based in close partner countries such as Switzerland, Norway, Liechtenstein and the UK to act as CBAM reporting declarants** (including by delegating CBAM reporting to direct customs representatives) without being forced to appoint an indirect customs representative.

### 5. Eliminate need to submit multiple reports in each member state of import

- **Consolidate filing obligations in a single member state where the importer is established.** This will streamline the submission and validation procedures, ensure consistency, and provide a consolidated data view.

### 6. Implement an impact-based approach for data gathering efforts

- **Companies should be able to focus on suppliers from whom larger volumes of products are imported.** For example, it would be more impactful for imported embedded carbon, and less administratively burdensome, if companies can focus on obtaining data from one large supplier rather than individual unit data from a long tail of suppliers that supply small product volumes.

### 7. Ensure more flexible reporting deadlines

- For example, during the transition period, **allow companies to submit CBAM reports every six months rather than quarterly. Extend the deadline to submit a CBAM report** to two months after the end of each reporting period.

### 8. Simplify calculation of embedded emissions

- **Establish a clear formula for calculating emissions per tonne of imported products,** avoiding complex life-cycle assessments that vary between producers, to ensure a level playing field and streamline processes, reducing administrative burden. **Ensure alignment with other emissions calculation and reporting methods used in the EU.** This could involve: 1) Standardised emission factors and assessment methods, like standardized emission calculations for different types of product, based on production technologies; 2) Leveraging emissions data already collected for ETS compliance; 3) Using third party provider industry emission factors and assessment methods based on industry and country of origin

- **Enable importers of CBAM goods to use data from Environmental Product Declarations (EPDs) and Product Carbon Footprints (PCFs) for the purpose of reporting embedded emissions.**

#### 9. Provide better guidance and support

- **Make available detailed guidance and appropriate tools to help companies to comply with the CBAM requirements, in a user-friendly format.**

#### 10. Provide flexibility on enforcement risk

- **Provide further guidance on which exact steps companies should take to demonstrate efforts made to collect actual emissions data from suppliers.** In particular, provide clarification on which specific documents/ elements of proof companies should attach to their CBAM reports as sufficient evidence that all reasonable efforts were taken to collect actual emissions data from suppliers.
- **Take into account that importers are not always able to quickly pivot away from suppliers who cannot provide CBAM information.** In many cases, there are limited options for certain components or products, or/and there is non-EU demand for them. Suppliers might choose to fulfil the alternative demand rather than invest into an EU law that they do not consider as impacting them.

#### 11. Ensure systematic involvement of downstream industries in implementation of CBAM

- **Systematically include in all CBAM discussion fora the associations representing downstream industries,** including manufacturers of goods not in the scope of CBAM but downstream in the value chains of CBAM goods. Ensure they can contribute to all studies and data gathering efforts that support the implementation and future reform of CBAM.

#### 12. Raise awareness of CBAM in third countries

- **Strengthen efforts to raise awareness of CBAM requirements in third countries, and ensure that templates and guidelines are translated into more third country languages.** This will simplify the process for CBAM affected companies that rely on data from suppliers and subcontractors in third countries.