

# EU Carbon Border Adjustment Mechanism (CBAM) + EU Emissions Trading System (ETS)

*Where are we heading with building hardware?*

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## CBAM + ETS: a brief outline (1/2)



- ➡ Phasing out of free CO<sub>2</sub> allowances under the **EU Emissions Trading System (ETS)** will lead to **higher production costs** for **aluminium** and **steel**, among others, in the EU.
- ➡ The **CBAM Regulation complements the ETS** and aims at putting a fair price on the CO<sub>2</sub> emitted during the production of **goods (materials) that are imported into the EU** (starting 2026, full implementation by 2035).

# CBAM + ETS: a brief outline (2/2)

## Cost of steel and aluminium



Cost in 2025



Cost in 2035

Generally, CBAM does not apply on imports into EU from

- Iceland
- Norway
- Liechtenstein
- Switzerland

\* no comparable ETS & CBAM system in place

## Locks and building hardware which will experience a cost increase through ETS & CBAM (high steel and/or aluminium content)

- ➡ Door and window handles made of stainless steel and aluminium
- ➡ Door closers
- ➡ Glass door hardware
- ➡ Hinges
- ➡ Keys made of steel and aluminium
- ➡ Locks
- ➡ Padlocks made of steel
- ➡ Panic and emergency exit devices
- ➡ Shutter hardware
- ➡ Sliding door hardware
- ➡ Window fittings

## Downstream products

- ➡ **Downstream products:** semi-finished or finished goods (e.g. **locks and building hardware**, fittings, hand tools, screws, cutlery, cookware, etc)
- ➡ **Some downstream products are already included in CBAM** (e.g., screws, steel doors, aluminium doors and windows), **more downstream products are planned for inclusion**
- ➡ **Goal:** to avoid that producers of downstream products move their manufacturing outside the EU and EU buyers switch to non-EU imports

# Downstream products: Inclusion of locks and building hardware?

**Cost of locks and building hardware**  
with a high content of steel and/or aluminium



\* no comparable ETS & CBAM system in place

# Considerations of EU legislators



Carbon Border Adjustment Mechanism (CBAM) – downstream extension, anti-circumvention and rules on electricity emissions

This initiative extends the CBAM to some downstream products to lower the risk of carbon leakage, when downstream producers move abroad or EU buyers switch to non-EU imports. Additional anti-circumvention measures would target practices to avoid the CBAM financial obligation without due cause or economic justification.

## Public consultation Call for evidence

July – August 2025



## ARGE's actions (1/3)

ARGE participated in the Public consultation and the Call for evidence.

**Key statement:** For the vast majority of European manufacturers of locks and building hardware (products falling under CN codes 8301 and 8302), **the inclusion of products under these two customs codes in the CBAM Regulation as downstream products will be crucial in order to avoid further losses in competitiveness** vis-à-vis importers of such products from the Far East and Turkey.

## ARGE's actions (2/3)

- ➡ **9<sup>th</sup> September 2025:** Kick-off meeting of the **European Metal Technology Alliance**, an alliance of several European industry associations for which steel plays an important role. ARGE is one of these associations.
- ⇒ **Objective:** To create leverage and enhance our position in the communication with EU legislators
- ⇒ **First task:** To call on the European Commission for giving European industry associations time until end-2025 for submitting their requests concerning the inclusion of downstream products in CBAM

## ARGE's actions (3/3)

- ➡ **October/ November 2025:** Follow-up meeting with National Associations and Associated Members for **deciding whether ARGE shall engage in filing a request for the inclusion of locks and building hardware in CBAM** as downstream products
- ➡ **November 2025:** In case the majority of the National Associations mandates ARGE to request the inclusion, a respective **document will be sent to the European Commission.**

## Take away from this presentation ...



- ➔ The further implementation of **ETS** and the introduction of **CBAM** will lead to a **substantial cost increase for locks and building hardware** with a high steel and aluminium content manufactured in the EU (and UK, CH).
- ➔ **The European Commission** plans to adopt a **legislative proposal** to **amend CBAM** to include specific downstream products (**Q4/2025**).
- ➔ **The ARGE's Full Members, the National Associations, will decide** whether ARGE shall **request the inclusion of locks and building hardware in the CBAM Regulation** as downstream products.

# Thank you!

## Any questions and/or comments?