



## CBAM Regulation (EU) 2023/956 and its amendments FEM position

Brussels, 20 May 2026

The European materials handling industry designs and manufactures highly engineered equipment and integrated systems that enable efficient production, storage and logistics operations. The sector is strongly export-oriented and holds global leadership positions in several market segments.

As Europe's second-largest mechanical engineering sector, it employs nearly 300,000 people and generates around €70 billion in annual turnover. The industry delivers high-value technological solutions worldwide and contributes significantly to the EU trade balance, with approximately €25 billion in exports and a €16 billion trade surplus.

Sustaining this leadership depends on continued investment in research and innovation, standardisation, digitalisation, cybersecurity and decarbonisation.

Against this backdrop, the manufacture of materials handling equipment relies on substantial quantities of raw materials that fall within the scope of CBAM, notably steel and aluminium. These inputs are sourced through highly diversified and complex value chains combining EU and non-EU suppliers.

As ETS free allocations are gradually phased out, CBAM will significantly increase production costs for European materials handling equipment manufacturers. Essential raw-material costs will rise substantially, widening the competitiveness gap with non-EU competitors that benefit from lower input costs and are not subject to comparable carbon pricing constraints, incentivising offshoring of manufacturing stages outside the EU.

The impact will not be limited to exports: it will also intensify competition on the EU domestic market, where third-country manufacturers are rapidly increasing their market share. The growing penetration of low-cost imports heightens the risk of deindustrialisation and increases Europe's dependency on third-country suppliers for strategic industrial equipment. At a time when EU competitiveness is rightly recognised as a priority, CBAM risks producing the opposite effect for key downstream manufacturing sectors and reduce global competitiveness of EU-based production.

In addition to higher costs, CBAM brings substantial administrative and compliance burdens. Companies must meet new and complex reporting obligations, including highly technical rules for calculating embedded emissions in imported inputs.

For many manufacturers, these obligations require new internal systems, external consultants and significant operational resources, diverting investment away from innovation and decarbonisation efforts. This disproportionately impacts SMEs, which often lack the administrative capacity to manage CBAM requirements efficiently.





Since the end of the CBAM transitional period in 2025, the full practical impact of the Regulation has become increasingly apparent. In addition, recent developments, including the proposal published in December 2025, have reinforced legal uncertainty and added operational complexity for downstream users of CBAM goods.

CBAM is therefore expected to have a serious and structural impact on the competitiveness of the European materials handling industry. As major downstream users of CBAM-covered materials, manufacturers will inevitably face higher production costs than their global competitors. However, the magnitude of this impact remains uncertain, making it difficult for companies to anticipate costs, price products accurately and plan investment. A comprehensive assessment of CBAM's effects on downstream sectors is still lacking and should precede the full application of financial obligations.

Indeed, manufacturers are currently concluding sales contracts without knowing the future CBAM costs they will have to bear. This undermines legal certainty and exposes companies to significant financial risks that are difficult to hedge—particularly in an industry characterised by long lead times, bespoke projects and fixed-price contracts.

In this context, the Commission's proposal to extend the scope of CBAM to certain downstream products does not adequately address these concerns and may even exacerbate them:

- In the materials handling sector, final products are not included, while only selected components are envisaged. As a result, importers of complete non-EU equipment will remain outside the CBAM scope, further distorting competition on the EU market.
- EU manufacturers will continue to be penalised on export markets, where CBAM offers no protection and where global customers compare total system costs.
- The proposed extension adds an additional layer of regulatory uncertainty. Companies are already signing contracts for deliveries in 2028 and beyond, without knowing whether their products or components will ultimately fall under CBAM. For major projects with long lead times – such as port cranes, which can require 30 months from contract signature to delivery – this uncertainty places European manufacturers in an unreasonable and competitively disadvantageous position.

The ongoing revision of the CBAM Regulation therefore represents a critical opportunity to introduce targeted adjustments and the development of effective mitigation measures. In this context, FEM calls on EU institutions to take the following actions:

- **Postpone the application of CBAM obligations for downstream users**

Suspend CBAM financial and reporting obligations for downstream manufacturing sectors until the Regulation has been properly assessed and adjusted to avoid negative impacts on competitiveness.

- **Carry out a comprehensive impact assessment on downstream industries before full implementation**

Conduct a robust, sector-specific assessment of CBAM's economic, competitive and administrative impacts on downstream users, taking into account long lead times, project-based business models, export exposure and the cumulative effect of ETS free allocation phase-out.



- **Ensure legal certainty for long-term and fixed-price industrial projects**

Introduce safeguards for contracts signed before the full application of CBAM obligations, in particular for large-scale projects with long delivery times, so that European manufacturers are not retroactively penalised for costs they could not anticipate or control.

- **Address competitiveness risks on both EU and global markets**

Ensure that CBAM does not distort competition on the EU internal market by disadvantaging EU-manufactured equipment compared to imported finished products, nor weaken the position of EU manufacturers on export markets where CBAM applies only asymmetrically.

- **Avoid additional regulatory uncertainty linked to potential scope extensions**

Clarify as a matter of urgency the scope, timing and application of any extension of CBAM to downstream products, and ensure that any future changes are introduced with sufficient transition periods to allow companies to adapt without disruption to existing contracts.

- **Reduce administrative and compliance burdens, particularly for SMEs**

Simplify CBAM reporting requirements, calculation methodologies and verification procedures for downstream users, and ensure that compliance costs do not divert resources away from innovation, decarbonisation and investment in clean technologies.

- **Align CBAM implementation with the EU's industrial and competitiveness objectives**

Ensure that CBAM supports, rather than undermines, the EU's objective of maintaining a strong and competitive industrial base, preserving high-quality jobs in Europe and safeguarding strategic manufacturing capacities.

Redesigning CBAM's implementation along these lines will ensure the preservation of Europe's industrial competitiveness while pursuing climate objectives in a balanced and pragmatic manner.