

The Swedish Federation of Wood and Furniture Industry response to Commission's Public Consultation on the extension of the scope of the CBAM to downstream products and anti-circumvention measures

The Swedish Federation of Wood and Furniture Industry, TMF (Trä- och Möbelföretagen), welcome the opportunity to contribute to the Commission's consultation on the possible extension of the Carbon Border Adjustment Mechanism (CBAM) to downstream products.

CBAM was established to protect the competitiveness of European industry while reducing the risk of carbon leakage. However, a significant regulatory gap persists. While primary inputs such as steel and aluminium are subject to CBAM, a wide range of downstream products manufactured from these inputs remain outside the mechanism's scope. This situation leads to serious competitive disadvantages for European manufacturers, particularly in material-intensive industries such as furniture fittings, steel processing and related downstream value chains.

TMF has identified several risks associated with the current scope:

- 1. Competitive distortions**
EU manufacturers sourcing CBAM-covered inputs bear higher costs, whereas third-country producers exporting finished goods to the EU remain unaffected by the mechanism.
- 2. De-industrialisation and job losses**
The current framework incentivises the relocation of production outside the EU, eroding established value chains and leading to the loss of industrial capacity and employment in Europe.
- 3. Undermined climate objectives**
Shifting production to regions with less stringent environmental standards risks increasing global CO₂ emissions, thereby counteracting the environmental purpose of CBAM.
- 4. Impact on the steel industry**
Reduced downstream demand for EU steel undermines the sector's viability and weakens its strategic position in global competition.

TMF encourages a gradual extension of CBAM to downstream products

To ensure a level playing field and to safeguard both climate and industrial policy objectives, it is imperative to extend the CBAM scope to relevant downstream products where material intensity is high and competitive distortions are most pronounced. This includes, for instance, products under the following tariff codes:

- 8302 42 00 – Furniture fittings of steel
- 8302 10 00 – Furniture hinges of steel
- 8302 49 00 – Oven fittings of metal
- 9403 99 10 – Furniture interior fittings of metal
- 9401 79 00 – Seats with metal frames, non-upholstered

Moreover, fittings and components pre-assembled within imported furniture should be included, as they rely on the same carbon-intensive inputs as stand-alone products. However, there are also compelling reasons *not* to expand CBAM downstream. The EU risks introducing a system that might become very administratively burdensome and risks being seen as protectionist when a large part of the economy becomes “shielded”. There are also numerous technical and practical constraints, as it may be very hard to estimate the carbon emitted by various integrated CBAM-components in a complex product. Unlike a simple steel product for example, with a single buyer-seller relationship. For complex products there are many firms involved, and they do not have direct commercial relationships. New AI-enabled technology might be able to collect the necessary data and might alleviate the problem but with today’s methodology this is still very difficult.

To summarise, TMF supports a gradual extension of CBAM along the value chain, starting with the above-mentioned products, if there are clear risks for carbon leakage, and if there are practical methods available that limit the administrative burden of businesses to comply.

TMF favours a balance between competitiveness and administrative feasibility

While the extension of CBAM to downstream products is essential, it must be implemented in a pragmatic and appropriate manner. TMF therefore support a gradual and targeted expansion, prioritising:

- Products with high material intensity where CBAM inputs account for a significant share of production costs.
- The development of workable methodologies and digital traceability tools to ensure that administrative requirements remain proportionate.
- Avoidance of measures that may be perceived as unduly protectionists or incompatible with WTO rules.

Questions regarding this consultation response can be directed to Simon Imner, policy advisor, simon.imner@tmf.se.