

A robust and effective CBAM export mechanism to ensure a level playing field for EU-produced goods

Brussels, 19 December 2025: The intention of the European Commission to address the risk of carbon leakage related to exported goods covered under the CBAM is a positive step forward. However, we stress the urgent need for such a mechanism to be robust, workable and WTO-defendable, to prevent carbon leakage in global markets and safeguard the competitiveness of EU industry, prior to any consideration of extending CBAM to refinery products.

The fuel manufacturing industry is a cornerstone of Europe's energy security and industrial competitiveness and plays a key role in delivering the objectives of the EU Green Deal: notably by enabling the decarbonisation of transport and other strategic industries that rely on our products as raw materials. Refineries produce co-products, several of which are predominantly exported from Europe; any decline in these exports would directly reduce EU production and increase imports from jurisdictions with lower climate ambition.

Therefore, the Commission's acknowledgment of the risk of carbon leakage in export markets is an important step. However, we share the concerns raised by CBAM sectors regarding the proposed approach. It is essential that any export adjustment be effective, sustainably implementable, and aligned with CBAM's environmental objectives before any extension of the mechanism's scope to refinery products is considered.

Liana Gouta, Director General FuelsEurope, stated: *"EU ETS installations producing CBAM goods should benefit from the measure only for the volumes they actually export, to ensure an efficient use of resources and effectively target the carbon leakage risk."* She added *"All CBAM products, should be eligible for an adjustment mechanism when exported, without conditionality or eligibility criteria that can change over time. As free allocation for CBAM products is phased out, level-playing-field measures must apply to all exported CBAM goods."*

We believe that export-related carbon leakage should be tackled through an adjustment based on the average carbon costs associated with the 10% best performing installations per product, ensuring environmental integrity while relying on an approach whose legal defensibility under WTO rules has been confirmed by several analyses.

We stress the urgent need for an export adjustment that:

- **Targets all and only exported CBAM goods**, ensuring support applies exclusively to exported volumes destined for third countries where no comparable ETS or CBAM exists;
- **Is effective and WTO-robust, based on the average costs faced by the 10% most efficient EU producers**, preserving environmental integrity, maintaining the ETS price signal, and drawing on existing EU ETS benchmarks;

- **Avoids conditionality**, to provide regulatory certainty and preserve the objective of preventing carbon leakage in export markets.

Liana Gouta stressed *“An effective export adjustment mechanism is a pre-requisite before considering any extension of CBAM to refinery products otherwise it would significantly increase carbon leakage risks and undermine EU competitiveness.”*

More broadly, before considering any extension of CBAM and in order to safeguard competitiveness and enable decarbonisation, the EU should first address fundamental shortcomings in the current design and reassess the trajectory of the ETS1 cap and the share of allowances allocated for free to carbon leakage sectors. These issues must be resolved prior to any scope expansion, including ensuring CBAM coexists with existing carbon-leakage protections until its effectiveness is demonstrated; addressing export-related carbon leakage as well as risks of circumvention and resource shuffling; harmonising indirect cost compensation rather than including indirect emissions in CBAM; and establishing a fair and appropriate methodology for refinery products.

Europe needs a workable, WTO-robust export adjustment to avoid export-related carbon leakage, increasing global emissions. FuelsEurope stands ready to engage constructively with EU institutions to deliver an export adjustment solution that works: for the climate, for industry, and for Europe.

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FuelsEurope, the voice of the European fuel manufacturing industry. FuelsEurope represents, within the EU institutions, the interest of 40 companies manufacturing and distributing conventional and renewable fuels and products for mobility, energy & feedstocks for industrial value chains in the EU.

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