Home Appliance Europe

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Position paper
10 August 2026

Position paper on Carbon Border Adjustment Mechanism's Scope Extension to Finished Goods

APPLiA Europe urges co-legislators to extend the extension of the CBAM scope to downstream goods to include currently missing home appliance categories which face the same carbon-related challenges as those already in scope.

Why is the downstream CBAM extension needed?

EU carbon pricing relies on two linked systems: the Emissions Trading System (ETS) for domestic industries and the new Carbon Border Adjustment Mechanism (CBAM) for imported raw materials like steel, aluminum, and cement. Historically, the ETS provided free allowances to prevent carbon leakage. As the definitive CBAM regime takes effect on January 1, 2026, these free allowances will gradually phase out by 2034.

In its initial design, CBAM excluded finished goods. This meant that an EU manufacturer had to pay carbon costs for the raw materials in their products (e.g., the ~70% steel and cement in a washing machine), while imported finished goods bypassed these costs entirely. Fixing this 'downstream carbon leakage' is essential, as the resulting competitive imbalance directly threatens European growth, investments, and jobs.

Defining the Scope for Downstream Goods

The European Commission's proposal for extending CBAM to downstream goods is based on three carbon leakage risk indicators: trade intensity, a cost-push factor, and a minimum emission floor. The home appliance sector meets the primary criteria: Eurostat data shows our trade intensity is 38%, and APPLiA estimates that the cost-push factor—the impact of input carbon costs on ex-factory production costs—exceeds the Commission's 5% threshold. While these first two indicators alone would have justified extending CBAM to 230–250 product categories, the Commission applied an additional, "emission floor" filter. This final criterion reduced the scope to just 180 categories, excluding 50–70 product groups that are otherwise highly vulnerable to carbon leakage.

We strongly regret this narrow interpretation, which creates obvious carbon leakage and circumvention risks in two key areas:

- **Same-use products:** Excluding variants of covered goods (e.g., washing machines over 10kg, or standalone refrigerators and freezers) creates a glaring loophole, offering importers an easy way to bypass the carbon price.

- **Adjacent products:** Excluding items with similar material compositions and shared production chains (e.g., dishwashers and ovens) sends contradictory carbon price signals to investors, who make strategic decisions at the factory level rather than the product level.

APPLiA strongly supports extending CBAM to finished home appliances wherever there is evidence of EEA production combined with a substantial share of CBAM material composition.

What's at stake?

The European home appliance sector supports one million jobs, contributes €79 billion to EU GDP (2024), and drives massive household energy savings. It is also highly reliant on CBAM-covered materials like steel and aluminum, which comprise 57% of our annual material consumption. Excluding the remaining large household appliances from CBAM exposes this critical sector to severe competitive disadvantages as free ETS allowances phase out. Extending CBAM to these products is the only way to ensure a level playing field between EU and non-EU manufacturers.

Ultimately, an incomplete CBAM threatens more than one industry—it undermines the EU's broader climate goals and industrial competitiveness. Addressing downstream carbon leakage is essential for cross-policy coherence and Europe's economic resilience.

Extending the CBAM scope to home appliances is critical to:

- **Preserve EU jobs, growth and investments**: fair carbon pricing between EU and non-EU home appliance producers ensures the business case for EU-based industrial investments and jobs does not decline due to ETS policy.
- **Reinforce European competitiveness through fair trade and competition**: as the carbon price is expected to grow significantly in the coming 5-10 years,[1] EU based finished goods manufacturers would be increasingly exposed to unfair competition without an extended CBAM scope.
- **Improve European economic security:** European finished goods manufacturers should not be incentivised to relocate outside Europe due to an incomplete ETS/CBAM policy.
- **Enable decarbonisation investments and reduce carbon emissions**: the transition to a low-carbon economy cannot happen if industry production is simply relocated outside the EU, carbon pricing reaches its climate objectives only when it does not create competitive imbalances.

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[1] Conservative estimates from the International Energy Agency and European Central Bank mention a 140 EUR/tCO2 price by 2030 (e.g. Assessing the macroeconomic effects of climate change transition policies, ECB Economic Bulletin Issue 1, 2024); third party research sometimes exceed 200-300 EUR/tCO2 by 2030-2035.

ANNEX

APPLiA recommends to the European Parliament and the Council of the EU to include all of the CN codes listed below into Annex I of the CBAM Regulation

CN Code	Description	Already in the Commission's proposal
Washing machines, dryers and dishwashers		
8450 11	Washing machines, fully automatic, dry linen capacity ≤10 kg	Yes
8450 12	Other household or laundry -type washing machines, with built -in centrifugal drier	Yes
8450 19	Other household or laundry -type washing machines, of a dry linen capacity not exceeding 10 kg	Yes
8451 21	Drying machines, dry linen capacity ≤10 kg	Yes
8450 20	Washing machines, dry linen capacity >10 kg	No
8422 11	Dishwashing machines, household type	No
8451 29	Other drying machines, exceeding 10 kg	No
Refrigerators and freezers		
8418 10	Combined refrigerator-freezers, fitted with separate external doors	Yes
8418 21	Refrigerators, household type, compression-type	No
8418 29	Refrigerators, household type, other (non-compression type)	No
8418 30	Freezers of the chest type, not exceeding 800 litres	No
8418 40	Freezers of the upright type, not exceeding 900 litres	No
Other kitchen equipment		
8414 60	Ventilating or recycling hoods incorporating a fan, whether or not fitted with filters, Hoods having a maximum horizontal side not exceeding 120 cm	No
8516 60 80	Ovens for building in	No
8516 60 10	Cookers (incorporating at least an oven and a hob)	No
ex 8516 60 50	Cooking plates, boiling rings and hobs, designed for fixed installation (non-portable)	No
Residential heating and cooling		
8516 10	Electric instantaneous or storage water heaters and immersion heaters	No
8419 19	Other instantaneous or storage water heaters, non-electric	No
8419 12	Solar water heaters	No
ex 8418 61	Heat pump water heaters	No
8516 29 10	Liquid-filled radiators	No
8516 29 50	Convection heaters	No
Other		
ex 8508 11 00	Vacuum cleaners, with self-contained electric motor of a power not exceeding 1500 W and having a dust bag or other receptacle capacity not exceeding 20 l, excluding robot vacuum cleaners	No
ex 8516 79 70 90	"Other" electro-thermic appliances for domestic use, only multi-function kitchen machine with cooking function	No

* 'ex' in front of the CN code in the table above means that only a part of the CN code scope is included