

Annex to the EUROFORGE Position on the

Decision of the European Parliament on the European Carbon Border Adjustment Mechanism CBAM

What does „forging“ mean for Europe?

Forging stands for the technologies of drop forging, open-die forging and cold extrusion. With a production volume of almost 5.0 million tons, European forging is the second largest producer worldwide (after China and before India). 62,000 employees work in 500 companies in the sector and produce forged parts for high-tech applications every day. The European companies are technological world market leaders and pioneers in terms of innovation, work safety, environmental protection, energy efficiency and decarbonisation. With more than 99% of our products being recyclable we contribute a great share to the EU-Circular Economy Goals.

The European forging industry is predominantly SME-structured. Over 75% of the companies employ less than 250 employees. The requirements of the transformation (mobility, climate protection, digitalisation) are currently demanding all innovative, personnel and financial strength from European companies.

The industry's annual energy use in the form of natural gas and electrical power amounts to an estimated 6.7 terawatt hours. This corresponds (indirectly and directly) to approximately 13.0 million tons of CO₂ emissions. Through innovative developments, these emissions have already been reduced by almost 20% in the past 25 years - this corresponds to approx. 2.6 million tons of CO₂. We are currently working on a climate path for European forging with the goal of climate neutrality by 2045.

It is estimated that European companies operate approx. 2,760 forging units, of which approx. 20% are hammers and 80% presses. Our products go as key components into the sectors of vehicle construction, railway technology, shipbuilding, mechanical engineering, agriculture, (wind) energy, medical, defence and many others, thus ensuring our autonomy in the face of global competition from China, India, etc.

EUROFORGE represents the interests of the European forging industry. We are involved in the revision of the SF BREF ("Smitheries and Foundries") as a member of the Technical Working Group and are member of the Article 13 Forum.

What does CBAM mean for the forging industry as adopted by the EU Parliament?

The European Parliament's decision on the European Carbon Boundary Adjustment Scheme (CBAM) covers the steel and aluminium production sectors, but excludes the forging sector as well as other steel and aluminium processing sectors. This leads to a significant loss of competitiveness for our industry - both within and outside the European Union:

- Steel and aluminium are becoming more expensive for processors in the EU, regardless of whether they are produced here (through intra-European CO₂ taxes) or imported (through CO₂ border tariffs).
- Forgings produced in the EU will also become more expensive as a result - even outside the EU, where 18% of the European sales volume is exported today.
- Forgings produced outside the EU will not become more expensive - not even when imported into the EU. Currently, about 15% of the market volume is already imported into the EU from non-EU countries.

With a trade intensity of 28% and a turnover share of 30-40% by steel and aluminium, the European forging industry is highly affected by CBAM.

What consequences are to be feared for forges if the agreed CBAM scope is maintained?

The consequences of not taking this into account would be an almost complete loss of the quantities of processed products currently exported outside the EU and a significant increase in the quantities of processed products imported into the EU, while at the same time displacing existing production in the European Union.

This would be accompanied by a shift of environmental emissions to other countries analogous to carbon leakage and would not relieve the environment but weaken the economic power of the European economies.

For the above-mentioned reasons, limiting the scope of CBAM makes neither economic nor ecological sense. The clear restriction of competitiveness - both within and outside Europe - will result in a number of company closures or relocations to non-European locations. This is to be expected especially in case of new investments.

What adjustment of the CBAM scope do we demand?

Due to the high degree to which the European forging industry is affected, we demand an extension of the scope of CBAM to include the customs tariff numbers relevant for forging.

- 73261100
Grinding balls and similar articles for mills, of iron or steel, forged or stamped, but not further worked
- 73261910
Articles of iron or steel, open-die forged, but not further worked, n.e.s. (excl. grinding balls and similar articles for mills)
- 73261990
Articles of iron or steel, closed-die forged or stamped, but not further worked, n.e.s. (excl. grinding balls and similar articles for mills)
- 73269092
Articles of iron or steel, open-die forged, n.e.s.
- 73269094
Articles of iron or steel, closed-die forged, n.e.s.
- 76169990
Articles of aluminium, uncast, n.e.s.
- 84553031
Hot-rolling work-rolls; hot-rolling and cold-rolling back-up rolls, of open-die forged steel, for metal
- 84553039
Cold-rolling work-rolls, for metal, of open-die forged steel
- 84831025
Crankshafts and crank shafts, of open-die forged steel
- 84879057
Parts of machinery of chapter 84, not intended for a specific purpose, of open-die forged or closed-die forged iron or steel, n.e.s.

- 87084091
Parts for gear boxes of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s (excl. those for the industrial assembly of certain motor vehicles of subheading 8708.40.20)
- 87089291
Parts for silencers "mufflers" and exhaust pipes, of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s. (excl. those for the industrial assembly of certain motor vehicles of subheading 8708.92.20)
- 87089491
Parts for steering wheels, steering columns and steering boxes, of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s. (excl. those for the industrial assembly of certain motor vehicles of subheading 8708.94.20)
- 87089591
Safety airbags with inflator system and parts thereof, of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s. (excl. those for the industrial assembly of certain motor vehicles of subheading 8708.95.10)
- 87089993
Parts and accessories of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.
- 87085055
Parts for drive-axles with differential, whether or not provided with other transmission components, and for non-driving axles, of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s. (excl. those for the industrial assembly of certain motor vehicles of subheading 8708.50.20)
- 87088091
Suspension systems and parts thereof, of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s. (excl. those for the industrial assembly of certain motor vehicles of subheading 8708.80.20, shock-absorbers, anti roll bars and torsion bars)
- 87089191
Parts for radiators, of closed-die forged steel, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s. (excl. those for the industrial assembly of certain motor vehicles of subheading 8708.91.20)

The enlargement should already be included in CBAM during the transition period from 2023 to 2026 in order to be able to assess the impact of taking into account the forging specific tariff numbers.