Eurovent Position Paper PP – 2025-08-25

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Eurovent position on CBAM downstream extension

In a nutshell

Eurovent is the voice of the European Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) industry. This paper outlines Eurovent's position on the extension of CBAM to downstream products, insofar as it may include HVACR equipment. In short:

- **CBAM is relevant to HVACR due to its reliance on steel and aluminium**
- **We cautiously support extending CBAM to HVACR products, to level the playing field**
- **The CBAM extension should apply to final end-use HVACR products**
- **Some HVACR manufacturing may be vulnerable to carbon leakage**
- **Measuring carbon content in HVACR products is feasible and already practised**
- **Manufacturers are concerned about the administrative burden imposed by CBAM**
- **CBAM may harm the competitiveness of European manufacturers in export markets**

Key positions and concerns

CBAM is relevant to the HVACR industry due to its reliance on steel and aluminium. As the European Commission assesses extending CBAM to downstream products, HVACR equipment may be a candidate for consideration. The European HVACR industry uses considerable quantities of steel and aluminium. These two materials account for 60 to 90% of the total mass of certain HVACR products like supermarket freezers, air handling units, large heat pumps and cooling towers.

We cautiously support extending CBAM to HVACR products, to level the playing field. EU carbon pricing policies result in higher material prices for EU-based HVACR manufacturers, disadvantaging them relative to non-EU-based manufacturers who do not face similar material costs. The extension of CBAM to HVACR products can rectify this imbalance and promote the competitiveness of HVACR manufacturing in Europe, including in in strategic segments like heat pumps, which are supported under the Net-Zero Industry Act (NZIA).

The CBAM extension should apply to final end-use HVACR products. The benefits of the extension in terms of competitiveness and emission reductions are only unlocked if the final product is covered by CBAM, not only components. If the CBAM is extended to components for which EU manufacturers rely on complex global supply chains, this will only add additional reporting and cost burdens, while leaving intact the price advantage of imported final products. If the extension to HVACR products is pursued, this will require further detailed analysis to determine which products and components should be covered, and which not.

Some HVACR manufacturing may be vulnerable to carbon leakage. Europe still has a considerable HVACR manufacturing base, with over 350 production sites. However, EU-based manufacturers operate in an increasingly difficult regulatory environment, which may favour producing outside the EU for some equipment. For bulkier equipment, high transportation costs are an obstacle to tradability, and the risk of carbon leakage may be lower.

Measuring carbon content in HVACR products is feasible and already widely practised. Many HVACR manufacturers publish Environmental Product Declarations (EPDs) for their products, which include standardised carbon footprint data. Thanks to the recast Energy Performance of Buildings Directive (EPBD) and Ecodesign for Sustainable Products Regulation (ESPR), EPDs will become even more widely available. CBAM could leverage EPDs as a harmonised data source. This would require alignment of carbon calculation methodologies to avoid having to do several assessments for a same product.

Manufacturers are concerned about the administrative burden imposed by CBAM. HVACR manufacturers are already subject to CBAM reporting obligations when importing steel and aluminium into the EU for their production processes. These experiences have revealed the complexity and burden associated with CBAM bureaucracy. Although these burdens currently only fall on EU-based manufacturers and the CBAM extension can help to level the playing field, concerns remain that a more extensive CBAM will add more costs and burdens and complicate the business environment, potentially outweighing the benefits of its extension. In other words, if CBAM extension for HVACR products is pursued, its implementation should be lean and manageable for the HVACR sector and its supply chain.

CBAM may harm the competitiveness of European manufacturers in export markets. Although a potential CBAM extension may help level the playing field in Europe, it does not fix the competitive situation for European HVACR manufacturers in export markets, where they compete against companies subject to fewer administrative burdens. Moreover, if other countries retaliate to CBAM with carbon taxes on EU exports, this could further undermine the competitiveness of globally active HVACR manufacturers.

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About Eurovent

Eurovent is the voice of the European Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) industry, representing over 100 companies directly and more than 1.000 indirectly through our 16 national associations. The majority are small and medium-sized companies that manufacture indoor climate, process cooling, and cold chain technologies across more than 350 manufacturing sites in Europe. They generate a combined annual turnover of more than 30 billion EUR and employ over 150.000 Europeans in good quality tech jobs.

Mission

Eurovent's mission is to bring together HVACR technology providers to collaborate with policymakers and other stakeholders towards conditions that foster fair competition, innovation, and sustainable growth for the European HVACR industry.

Vision

Eurovent's vision is an innovative and competitive European HVACR industry that enables sustainable development in Europe and globally, which works for people, businesses, and the environment.

→ For in-depth information and a list of all our members, visit www.eurovent.eu

Who is behind this position?

Eurovent uses fair and transparent decision-making procedures. Every member is given a chance to voice their opinion, and reasonable efforts are made towards compromise and the accommodation of disagreements. Votes are only held as a last resort.

1. Who receives which number of votes?

At Eurovent, the number of votes is never determined by organisation size or membership fee level. Whether SME or large multinational, each member receives the same number of votes.

2. Who has the final decision-making power?

Eurovent Working Groups decide on matters within their remit. They are open to all members. Eurovent's committee of national associations is tasked with mediating in case of conflicts.

3. How European is the association?

Eurovent members manufacture across more than 350 sites in Europe, generate a combined annual turnover of more than 30 billion EUR, and employ over 150.000 Europeans in good quality tech jobs.

4. How representative is the organisation?

Eurovent represents over 100 companies directly, covering well over 80% of the market in most segments, and more than 1.000 companies indirectly through our 16 national associations.

Check on us in the European Union Transparency Register under identification no. 89424237848-89.

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