

Glass Alliance Europe's input to the call for evidence on Carbon Border Adjustment Mechanism

Glass sectors - including container glass, flat glass, special glass, domestic glass, continuous filament glass fibres, and mineral glass and stone wool insulation - are covered by the EU Emissions Trading System (EU ETS) and recognised as being at significant risk of carbon leakage. Their products are not included in the scope of the Carbon Border Adjustment Mechanism (CBAM) adopted in 2023.

Given the legislator's intention to extend CBAM to additional EU ETS sectors, the scope could potentially include glass products in the future. Should such an extension be pursued, it will be essential that the CBAM provides effective protection against the risk of carbon leakage, currently provided by the free allocation system. For this reason, **the glass sectors wish to contribute to the present consultations, to help ensure that CBAM secondary legislation is designed in a way that is credible, future-proof, and fit to achieve its objectives** of reducing global warming, while at the same time offering effective carbon leakage protection to its industry.

In this spirit, we provide below our comments and reflections on the three ongoing public consultations:

1. Methodology for the definitive CBAM period starting on 1 January 2026;
2. Adjustment of the obligation to surrender certificates to account for free ETS allowances;
3. Carbon price paid in a third country.

About Glass Alliance Europe - EU Transparency Register N° 74505036439-88

Glass Alliance Europe represents the European glass industry, regrouping 14 national glass associations and 6 main glass sectors (container glass, flat glass, special glass, domestic glass, continuous filament glass fibres, and mineral glass and stone wool insulation).

Europe is the world leader in glass making. The EU glass industry comprises more than 500 plants providing 500,000 direct and indirect jobs. Glass is a unique and inert material, which is fully recyclable. It is a key contributor to the EU objectives of a low-carbon, energy efficient and circular economy, and a key enabling material for essential supply chains (such as pharmaceutical and health, food and drink, buildings and construction, automotive, renewable energy, luxury goods and perfumes, etc.).

For more information <http://www.glassallianceeurope.eu/>

1. Methodology for the definitive CBAM period starting on 01 January 2026

Glass Alliance Europe supports a comprehensive and reliable approach to emissions reporting under CBAM. While we acknowledge the Commission's intention to reduce administrative burden, **simplification must not come at the expense of reliability**. The credibility and effectiveness of CBAM depend on emissions declarations being supported by robust, independent verification at installation level and, where relevant, at the electricity supplier level. To discourage underreporting, default values should be set at conservatively high levels, reflecting the most carbon-intensive production routes.

Specifically, the methodology should ensure coverage of the following sources of embedded emissions:

- **Direct emissions from manufacturing:** Reported emissions should align with the scope of the EU ETS to guarantee fairness between EU producers and importers. Where discrepancies exist (as in certain glass sectors, see our response to the consultation on “*Adjustment of the obligation to surrender certificates to account for free ETS allowances*” under heading 2) adjustments must be introduced to ensure equivalent carbon costs apply.
- **Indirect emissions from electricity use:** These should be based on the manufacturer’s verified actual electricity consumption, multiplied by the verified CO₂ intensity of the electricity supplied to the installation, as provided by the energy supplier. Where the actual electricity consumption and CO₂ intensity cannot be provided, conservatively high default values should apply, rather than average electricity consumption and emission factors (such as those derived from IEA data or Union electricity grid averages) which do not sufficiently incentivise the reporting of real data.
- **Transport-related emissions:** Given the significant carbon impact of long-distance trade routes, transport emissions should also be included in the calculation of embedded emissions. In this context, it is crucial that transport emissions are not only considered but also effectively priced. This would ensure consistency with the EU’s broader climate objectives and reinforce a genuine level playing field for EU producers.

2. Selection of data for collection and reporting

In certain glass sectors - notably flat glass, domestic glass, continuous filament glass fibre and mineral wool insulation sectors - **the scope CBAM applies to finished goods defined by CN codes not matching the EU ETS benchmarks scope which applies to installations and specific production processes.** Should the Commission decide to include products manufactured by these sectors in a future extension of the CBAM scope, it will be necessary to ensure that imported goods face equivalent CO₂ costs to those borne by EU producers.

For example, when a benchmark is expressed per tonne of melted glass, while CBAM obligations are defined at the level of finished products covered by specific CN codes, this creates gaps and inconsistencies in how embedded emissions are accounted for between EU and imported products.

To address these inconsistencies, any future extension of the CBAM to glass products would need to ensure close a collaboration with the concerned industrial sectors to:

- Identify and clarify the specific discrepancies between the EU ETS scope and the CBAM scope; and
- Establish a workable method for addressing these gaps, including the definition of “CBAM benchmarks”

Such an approach would ensure both fairness for EU producers and feasibility for importers, while safeguarding the environmental integrity of the CBAM system.

3. Carbon price paid in a third country

Glass Alliance Europe emphasizes that one of the core objectives of the CBAM must be to ensure that imported products bear a carbon cost equivalent to that faced by EU producers under the EU ETS, either through the application of CBAM or because manufacturers are subject to equivalent carbon pricing mechanisms in their country of origin, such as in Switzerland. Ensuring carbon cost parity is fundamental to maintaining a level playing field for European industry and to safeguarding the environmental integrity of EU climate policy.

Where third countries seek to demonstrate that their carbon pricing systems are equivalent to those in place in the EU, the European Commission must assess them against strict and transparent criteria. Only if these conditions are fully met should third-country carbon costs be considered equivalent. At a minimum, the criteria should include:

- **A genuine pricing instrument leading to comparable costs for producers outside the EU**, ensuring that carbon costs are equal to those of the EU and borne directly by emitters.
- **Refunds or compensations** provided by third countries to their producers that offset or reduce the impact of domestic carbon pricing systems must not be allowed.
- **Coverage and scope alignment** with EU ETS, to prevent loopholes or selective application.
- **Timing of application (1 year)**: emission certificates, taxes, or other pricing instruments must be applied within a maximum of one year after the effective emissions occurred.
- **Robust Monitory Reporting & Verification (MRV) standards**: monitoring, reporting, and verification must be fully comparable to EU ETS compliance requirements (incl. data validation by accredited third party). Third countries must demonstrate that all covered emissions are taxed accurately, reported transparently, and enforced effectively, without risk of evasion.

CBAM must be applied uniformly, with no carve-outs or preferential treatment for countries that cannot demonstrate equivalent carbon pricing. **The Commission should therefore explicitly exclude CBAM-related concessions from all trade negotiations and agreements.**

A **full exemption** from CBAM should only apply where the verified carbon pricing mechanism in the country of origin ensures that producers bear a **carbon cost at least equal** to the level they would face under the EU ETS. A **partial exemption** should only apply where the country of origin applies a verified carbon pricing mechanism, but the **effective cost is below the cost that would have applied under the EU ETS**. In such cases, the credit granted should be strictly limited to the actual, verified carbon costs borne by producers in the exporting country, with the residual difference (with the level of costs that would have applied under the EU ETS) covered through CBAM.

Full exemption must be contingent on **guarantees that the exempted country takes appropriate measures to prevent resource shuffling and circumvention** by producers from other countries, such as transshipment.

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