

## **Europacable calls for the inclusion of aluminium power cables in CBAM Annex I to safeguard the competitiveness of European cable production and to prevent inadequate carbon leakage**

Brussels, 15<sup>th</sup> February 2022

Europacable, the voice of Europe's leading wire and cable manufacturers, welcomes the draft proposal for a Regulation establishing a Carbon Border Adjustment Mechanism (CBAM) as a first step to tackle carbon leakage at global level.

**This said, Europacable urges the EU Institutions to address the potential risk of creating unfair competition for downstream products in Europe and of undermining CBAM's purpose of reducing global CO<sub>2</sub> emissions. Specifically, Europacable calls upon legislators to include aluminium power cables as defined per Code Nomenclature (CN) 8544<sup>1</sup> into Annex I of the current proposal.**

Europacable would like to point out that aluminium can represent up to 80% of the weight of material used in a cable depending on the type of cross section and voltage level.

### **Background:**

Aluminium power cables represent a key technology to empower Europe's decarbonisation:

- Thanks to aluminium's light weight and flexibility, aluminium power cables are used at all voltage levels starting at 1kV. Roughly speaking, aluminium serves as a conductor in about 35% of all power cables used in Europe. In particular, aluminium is used as the conductor in:
  - 90% of power distribution cables (voltage level up to 36 kV); and
  - 70% of power transmission cables (voltage level up to 525 kV).
- Electrification will be key to meet Europe's ambitious decarbonisation objectives in the energy transition. Accordingly, the demand for aluminium power cables is expected to grow by more than 30% by 2050 from today's estimate of around 300 kt.
- Today, Europe's cable manufacturers are global technology leaders, supplying Europe's transmission and distribution system operators with high quality, sustainable and cutting-edge power cables and systems.

In the current draft, aluminium power cables – just like other downstream products with less than 100% aluminium content – are excluded from the scope of the CBAM. If unchallenged, Europacable member companies are very concerned that this exclusion will:

### **1) Undermine the competitiveness of European cable production**

For the European cable industry, CBAM risks to substantially undermine a fair competition for the production of aluminium power cables in Europe: As it stands, the proposal risks to create a competitive disadvantage for companies producing aluminium power cables in the EU:

- The future production of aluminium power cables within the European Union would be subject to CBAM duties imposed on aluminium. As a result, the cost for aluminium power cables produced in the EU to serve Europe's decarbonisation or intended for export will increase.
- Contrary to that, any aluminium power cables produced in third countries would neither face costs associated with the European Trading Scheme that European aluminium producers face and pass on to their customers or of CBAM duties for aluminium used in their production, nor would any duties be imposed on the finished cables when imported into the Union.

---

<sup>1</sup> Aluminium power cables are defined per Code Nomenclature (CN) 8544 as "Insulated wire, cable and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors".

Consequently, third country producers could offer aluminium power cables at more competitive prices both in Europe and on the global market due to reduced raw material and production costs. This risks to pose an existential threat to the competitiveness of the production of aluminium power cables in Europe.

## 2) Generate carbon leakage through downstream products

Europacable is concerned that the current draft of the Regulation, which excludes emissions from downstream products, risks to undermine the European Commission's intention of mitigating global CO<sub>2</sub> emissions by favouring non-sustainable production in non-EU countries.

This is particularly valid for aluminium power cables, which as a finished product with less than 100% aluminium content are currently not covered by CBAM: The current proposal risks to create an incentive to produce aluminium power cables in non-EU countries without duties. These are likely to have a higher carbon footprint than a similar cable produced in the EU given the stringent policies European cable producers already apply today. The resulting carbon leakage both for power cables used in Europe as well as globally would run counter to the Commission's objectives.

## Conclusion

Europacable firmly believes that including aluminium power cables as defined per Code Nomenclature (CN) 8544 into Annex I is necessary to safeguard the competitiveness of European wire and cable manufacturing and to prevent unnecessary carbon leakage of downstream products such as power cables.

Furthermore, Europacable underlines that:

- CBAM should apply only to direct emissions, as originally proposed by the European Commission. If necessary, their inclusion should be gradual, defined against specific requirements and not foresee an immediate phase out of existing EU ETS power price compensation schemes;
- An export mechanism compatible with WTO rules should be developed under CBAM; and
- Resource shuffling (of green power and green products) must be reliably prevented.

Today, European cable producers are the world's technology leaders. The investments we make into high-quality, energy efficient, sustainable high-tech power transmission and distribution technologies will be a vital asset for Europe to empower its decarbonisation ambitions. Exposing Europe's cable manufacturers to such a competitive disadvantage imposed through CBAM, threatens to lose technology knowhow and employment in an area that will be of strategic interest for the future of the European Union.

We remain fully committed to working closely with the EU Institutions and key stakeholders on suggesting effective measures to achieve EU's decarbonisation ambitions and to provide the required level of carbon leakage protection while avoiding negative effects on the competitiveness of downstream industries.

## For further information please contact:

Alberto Lampasona, Director Public Affairs, [a.lampasona@europacable.eu](mailto:a.lampasona@europacable.eu)

## About Europacable

Europacable AISBL is the voice of all leading European wire and cable producers. Europacable members include the largest cable makers in the world providing global technology leadership, as well as highly specialized small- and medium sized businesses from across Europe. Globally our members employ over 80.000 people of which more than 50% in Europe generating a worldwide turnover over € 70 billion in 2021. The product scope of our members covers the full range of energy and communication cables. Europacable is listed in the European Commission's transparency register under 453103789-92. We are a partner of CENELEC. [www.europacable.eu](http://www.europacable.eu)

**Annex: Europacable suggested amendment to the draft proposal for a Regulation establishing a Carbon Border Adjustment Mechanism**

**ANNEX I**  
**List of goods and greenhouse gases**

**Aluminium**

<b>CN code</b>	<b>Greenhouse gas</b>
7601 – Unwrought aluminium	Carbon dioxide and perfluorocarbons
7603 – Aluminium powders and flakes	Carbon dioxide and perfluorocarbons
7604 – Aluminium bars, rods and profiles	Carbon dioxide and perfluorocarbons
7605 – Aluminium wire	Carbon dioxide and perfluorocarbons
7606 – Aluminium plates, sheets and strip, of a thickness exceeding 0,2 mm	Carbon dioxide and perfluorocarbons
7607 – Aluminium foil (whether or not printed or backed with paper, paper-board, plastics or similar backing materials) of a thickness (excluding any backing) not exceeding 0,2 mm	Carbon dioxide and perfluorocarbons
7608 – Aluminium tubes and pipes	Carbon dioxide and perfluorocarbons
7609 00 00 – Aluminium tube or pipe fittings (for example, couplings, elbows, sleeves)	Carbon dioxide and perfluorocarbons
<b><i>8544 – Insulated wire, cable and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors</i></b>	<b><i>Carbon dioxide and perfluorocarbons</i></b>