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Answer given by Mr Hoekstra
on behalf of the European Commission
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The Carbon Border Adjustment Mechanism (CBAM) Regulation¹ tasks the Commission with assessing the risk of resource shuffling in biennial review reports as from 2027. Resource shuffling in this context refers to the risk that operators in third countries export their low emission products to the EU, while directing their high emission products to their home market or other third countries with laxer carbon laws. On 19 March 2025, in its Steel and Metals Action Plan², the Commission indicated it will present before the end of the year, and as part of a more general CBAM review, an anti-circumvention strategy. This strategy will carefully assess these risks and propose solutions to address them, including legislative amendments.

To deliver on the above, the Commission is conducting a thorough examination of potential risks, focusing on sectors and industries where such practices may be more prevalent. The Commission is aware of the particular situation related to the import of steel goods produced with direct reduced iron and is assessing potential measures. The assessment will inform the development of effective measures to address these risks.

The CBAM relies on an actual emissions methodology, with the possibility of also applying default values. This issue will be examined in the context of the abovementioned review.

¹ <https://eur-lex.europa.eu/eli/reg/2023/956/oj/eng>.

² https://single-market-economy.ec.europa.eu/document/download/7807ca8b-10ce-4ee2-9c11-357afe163190_en?filename=Communication%20-%20Steel%20and%20Metals%20Action%20Plan.pdf.