

Brussels, 9 September 2026

Joint Call for a balanced CBAM: avoid unintended costs on essential inputs for Europe's wood-based panels and furniture value chains

The European Panel Federation (EPF), the European Confederation of Woodworking Industries (CEI-Bois), the European Furniture Industries Confederation (EFIC), the European Parquet Federation (FEP), the International Committee of Decorative Laminates Industry (ICDLI) and the Association of European Producers of Laminate Flooring (EPLF) fully support the objective of the Carbon Border Adjustment Mechanism to prevent carbon leakage and ensure a level playing field between EU and non-EU producers. However, the application of CBAM to urea and methanol is already creating the opposite effect for several downstream European industries, including the wood-based panels and furniture value chains. By applying CBAM costs to essential industrial inputs without a proper assessment of downstream impacts, the application of CBAM is placing a disproportionate cost burden on EU manufacturers that depend on these inputs and have no viable alternatives at scale. In such cases, CBAM does not provide a meaningful decarbonisation incentive for downstream users, but weakens EU manufacturing competitiveness.

The co-signatories therefore call on the European Parliament, the Council and the Commission to:

1. **Maintain Article 27a as an effective safeguard mechanism** in case of severe and unforeseen market disruption.
2. **Exclude urea from the scope of CBAM where there is no viable and reasonable alternative.** Applying CBAM to urea therefore imposes a severe cost penalty on EU processing industries, without providing an effective climate incentive.
3. **Exclude methanol from the scope of CBAM**, at least until a full impact assessment has been carried out on chemical value chains, including formaldehyde, resins, wood-based panels and furniture.
4. **Ensure that any future inclusion of chemicals under CBAM is based on a robust impact assessment** covering downstream competitiveness, the availability of sufficient EU supply, import dependence and the risk of supply disruption.

The co-signatories support CBAM as a carbon leakage instrument, but the mechanism must be targeted at products where it can effectively address carbon leakage. For the wood-based panels and furniture value chains, CBAM should not impose

disproportionate costs on essential industrial inputs for which no viable alternatives exist. Protecting downstream European industries against carbon leakage and preserving

their access to competitively priced essential inputs are complementary objectives. This is without prejudice to the possible inclusion of specific downstream products, including furniture fittings or furniture products with a relevant steel or aluminium content, where this is necessary, to address competitive distortions or downstream carbon leakage.

CBAM must not create downstream carbon leakage

CBAM is designed to prevent the relocation of production outside the EU. It should not create incentives for exactly that outcome.

Urea and methanol are not final consumer products in the wood-based panels sector. They are essential industrial inputs used in resin and adhesive systems. Technical-grade urea is used in the production of amino resins, while methanol is a key input for formaldehyde, which is itself essential for resin production. These resins are indispensable for the manufacture of wood-based panels. There are currently no technically or economically viable alternatives available at scale.

This problem is compounded by the lack of sufficient production within the EU to meet European demand for either urea or methanol. Downstream manufacturers are therefore structurally dependent on imports and cannot avoid the additional CBAM costs simply by switching to EU suppliers. In the absence of sufficient alternative EU supply, applying CBAM to these essential inputs does not redirect demand towards domestic production or provide downstream users with a realistic decarbonisation pathway. It instead increases the cost of inputs that European manufacturers must continue to import.

CBAM costs on these inputs mean that EU producers of wood-based panels already face higher production costs that cannot be avoided through a change in sourcing, technology or raw material choice. These costs are already being passed along the value chain, including to the European furniture industry, without creating a realistic pathway for downstream manufacturers to reduce the embedded emissions of the upstream chemical production.

This penalises EU production, EU jobs and EU investment without delivering the intended carbon leakage protection. The CBAM should not create new cost pressures for downstream sectors that are not responsible for the upstream emissions concerned and cannot respond through available decarbonisation alternatives.

A specific problem for Europe's wood-based panels industries

Wood-based panels are a central component of Europe's circular bioeconomy. The sector plays a key role in the efficient use of wood resources by using sawmill by-products, recycled wood and other wood assortments that are suitable for material use in panel production, transforming them into durable products for furniture, construction, packaging, interiors and many other applications.

The sector supports circularity, resource efficiency and the substitution of more carbon-intensive materials. It is also deeply connected to European furniture manufacturing, which relies on competitive and reliable access to EU-produced wood-based panels.

Increasing the cost of essential resin inputs undermines this industrial ecosystem. It makes European wood-based panels more expensive and, in turn, weakens the competitiveness of European furniture manufacturers.

This is particularly problematic because furniture is a highly cost-sensitive manufacturing sector. Higher costs of European wood-based panels are already directly affecting the competitiveness of European furniture manufacturers, many of which operate on tight margins and depend on reliable access to competitively priced EU-produced panels. The objective should therefore be to avoid placing unnecessary upstream input costs on the European wood-based panels and furniture value chains.

Additional reasons to exclude urea

The co-signatories concern also relates to urea used as an industrial feedstock.

For the wood-based panels sector, urea is an essential raw material for the production of amino resins. These resins are necessary to manufacture panels that meet required technical, safety and performance standards.

Applying CBAM to this input does not create a meaningful decarbonisation incentive for downstream panel producers. They do not control the emissions of upstream urea production, and they cannot simply switch to another input without compromising performance, availability or cost. Nor can downstream users simply replace imported urea with EU-produced material, as sufficient supply is not currently available within the EU to meet European demand.

Methanol: chemical value chains require a proper assessment

The same concern applies to methanol.

Methanol is a key input for formaldehyde, which is then used in resin systems for wood-based panels. European demand for methanol cannot currently be met by production within the EU, leaving downstream chemical and manufacturing value chains structurally dependent on imports. Including methanol in CBAM without a dedicated impact assessment would therefore affect the entire downstream chain, from formaldehyde to resins, wood-based panels and furniture, without providing these industries with a viable alternative source of supply.

Chemical value chains are technically complex. Emissions boundaries, precursor attribution, co-product treatment and cost pass-through effects are not straightforward. Including methanol through a late-stage amendment, without a full assessment of downstream impacts, would be premature and risky. The co-signatories therefore support the position that chemicals, including methanol, should not be included in CBAM at this stage without a clear and robust impact assessment.

Article 27a is necessary as a safety valve

The co-signatories also call for the retention or reintroduction of Article 27a.

The proposed Article 27a would provide an important safeguard in the event of severe and unforeseen market disruption caused by the inclusion of specific goods under CBAM. Such a mechanism is essential when the CBAM scope is being expanded to complex downstream products and industrial inputs.

A safeguard clause would not weaken CBAM. On the contrary, it would make the mechanism more credible and workable by ensuring that unintended consequences can be addressed quickly and proportionately.

Article 27a should allow the Commission to act where CBAM creates:

- severe and unforeseen price increases;
- supply disruption for essential industrial inputs;
- a disproportionate burden on downstream EU manufacturers;
- loss of competitiveness in downstream EU manufacturing value chains; or a risk of downstream carbon leakage.

Such action should be targeted, temporary and evidence-based. It should apply only where the inclusion of a specific good undermines the objectives of CBAM or creates serious harm to the internal market.

Proposed solution

The co-signatories call on policymakers to adopt a targeted and proportionate solution:

- **First**, maintain Article 27a as a safeguard mechanism.
- **Second**, exclude urea from CBAM.
- **Third**, remove methanol from the CBAM scope.
- **Fourth**, require a dedicated impact assessment before any future inclusion of chemicals under CBAM, including an assessment of downstream effects on resins, wood-based panels, furniture and other manufacturing value chains that depend on these inputs.

Conclusion

CBAM must remain a climate instrument that strengthens European industry and prevents carbon leakage. It should not become an unintended cost on essential industrial inputs used by EU wood-based panels manufacturers.

Without targeted corrections for urea and methanol, and without an effective Article 27a safeguard, the application of CBAM is already penalising circular and resource-efficient EU manufacturing value chains such as wood-based panels and furniture, without delivering additional climate benefits.

The co-signatories therefore urge policymakers to ensure that the CBAM extension is proportionate, evidence-based and aligned with the EU's competitiveness, circular economy and bioeconomy objectives.

The co-signatories:

EPF represents European producers of wood-based panels, an industry with an annual turnover exceeding €25 billion and some 100,000 direct jobs located mainly in rural areas. Our panels are deeply embedded in key European value chains: approximately half of production supplies the furniture industry, supporting millions of additional jobs downstream, while a further 40% serves the construction sector. The remainder feeds into packaging and other applications. <https://europanel.org>.

CEI-Bois represents the interests of the European woodworking industries, comprising more than 160,000 companies, generating an annual turnover of around €200 billion and employing approximately 950,000 workers in the EU. Its membership includes 21 European and national organisations from 15 countries. Further information can be found on our website: www.cei-bois.org.

EFIC represents around 80% of the total turnover of the European Furniture Industries. In the EU, the sector employs 1 million people in about 130,000 enterprises and generates a turnover of over 100 billion Euros. The EFIC membership is composed of 17 national associations, one individual company member and several clusters. Further information can be found on our website: <https://www.efic.eu>.

FEP reunites 57 European manufacturers of parquet, 8 national associations and 27 suppliers to the industry. FEP has members in 23 countries. The EU parquet industry has an annual turnover of about 2.5 billion euro, provides more than 15,000 direct jobs and counts more than 1,000 enterprises. www.parquet.net

ICDLI is the association of the European HPL industry. With 30 members from 14 countries ICDLI unites the manufacturers, suppliers and raw material producers of HPL and thus ensures a unique exchange of knowledge and ideas. It is the European voice of the industry and an important interface to the media, politics, society and science. <https://www.icdli.com>

EPLF represents the leading producers of laminate flooring in Europe and their suppliers. At present a total of 13 laminate producers from eight European countries, 25 suppliers to the laminate flooring industry and renowned testing institutes are members of the EPLF. The EPLF's members account for approx. 50% of the global market and more than 80% of the European market. In 2025, the total sales of laminate flooring of EPLF members amounted to 263,375,503 m². The laminate producing companies play a vital role in creating approximately 100,000 jobs and at least the double in indirect jobs in the EU. Further information can be found on our website: www.eplf.com

