EUROCHAMBRES
PRESIDENT

Ms Teresa Ribera Rodríguez
Executive Vice-President for a Clean, Just and Competitive Transition
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

Brussels, 04 May 2026

Subject: **Eurochambres input on the revision of the EU Emissions Trading System**

Dear Executive Vice-President Ribera,

The upcoming revision of the EU Emissions Trading System (ETS) comes at a time when the competitiveness of European businesses, particularly SMEs, is under considerable pressure. Persistently high and volatile energy prices, combined with rising carbon costs and an uneven global playing field, continue to undermine investment in growth, innovation, and decarbonisation across Europe.

The chamber network supports the EU ETS as the core instrument to reach climate neutrality, as its market-based and technology-neutral design ensures cost-effective emissions reductions. At the same time, the current framework does not sufficiently reflect the constraints faced by businesses, in particular the lack of enabling conditions such as access to affordable energy, infrastructure and financing required for a viable transition. The revision must therefore deliver pragmatic adjustments to ensure that businesses can decarbonise without undermining their competitiveness.

Eurochambres calls on the European Commission to reflect the following key priorities of the European business community in the upcoming ETS revision:

- **Revise the linear reduction pathway to reflect industry realities**. With the existing linear reduction factors, the trajectory results in the supply of allowances approaching zero by 2039, which does not adequately reflect the technological and economic constraints faced by industries, particularly in hard-to-abate sectors. A more balanced and credible pathway is therefore necessary to avoid a premature "endgame" for the ETS and to ensure the availability of allowances until 2050.

- **Postpone the phase-out of free allowances until carbon leakage risks are effectively addressed.** Free allocation remains a critical safeguard for Europe's industrial competitiveness, which is why the phase-out should be paused until the Carbon Border Adjustment Mechanism (CBAM) has demonstrated its effectiveness in preventing carbon leakage. In parallel, the EU ETS indirect cost compensation mechanisms must be maintained beyond 2030 to address the impact of high electricity prices.

- **Ensure realistic and economically viable ETS benchmarks.** The forthcoming update to the free allocation benchmarks must better reflect sector-specific realities and technological progress. This includes taking into account the actual availability and technical viability of decarbonisation solutions, particularly in sectors where electrification is not yet feasible.

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EU Transparency Register number : 0014082722-83

- **Limit excessive ETS price volatility and strengthen market stability.** Stable and predictable carbon prices are essential to support long-term investment decisions. The proposed amendment to the Market Stability Reserve (MSR) to stop the invalidation mechanism is a step in the right direction. However, further adjustments are needed, including reviewing the thresholds governing the intake and release of allowances, to ensure sufficient market liquidity and to limit excessive price volatility.

- **Ensure sufficient financing for industrial decarbonisation and scaling clean technologies.** A significantly higher share of ETS revenues must be directed towards industrial transformation, rather than being absorbed into general budgets. Equally, instruments such as the Innovation Fund and the Industrial Decarbonisation Bank must deliver predictable and well-targeted support, based on transparent and balanced criteria, while upholding the principle of technological neutrality.

- **Swift integration of carbon removals into the EU ETS.** Carbon capture and storage (CCS) and similar technologies will be essential to achieve climate neutrality, particularly for hard-to-abate sectors. Their integration into the ETS can create a viable business case for carbon removals, provided that this is accompanied by the rapid development of CO_2 transport and storage infrastructure and a clear and practical regulatory framework.

- **Enable the effective use of international carbon credits.** Article 6 credits under the Paris Agreement can help ease pressure on sectors with limited decarbonisation options and should be prioritised for projects in enlargement countries, where they can support both decarbonisation and the EU accession process. In addition, their use by companies and their potential integration into the EU ETS should be assessed, notably their role under ETS II as a tool to mitigate fuel price impacts.

- **Safeguard the competitiveness of EU ports in the context of ETS Maritime.** With the inclusion of maritime transport in the EU ETS, the risk of distortions between EU and non-EU ports must be actively addressed, particularly in the absence of an effective global framework at the International Maritime Organization level (IMO). Special attention should be paid to regions that are structurally dependent on maritime transport, where shifts in traffic patterns can have significant economic and supply chain implications.

The revision of the EU ETS must be accompanied by stronger efforts to ensure a global level playing field and to provide businesses with the enabling conditions needed for a competitive transition, including access to affordable energy, faster permitting and adequate financing.

At the same time, further efforts are required to deliver a more practical and proportionate regulatory framework. This is particularly relevant for the EU ETS II, where measures such as the introduction of a de minimis threshold for smaller operators and a gradual and carefully calibrated implementation are essential to avoid excessive price volatility and disproportionate cost increases for businesses.

Yours sincerely,

Vladimír Dlouhý
Eurochambres President

cc: Wopke Hoekstra, Commissioner for Climate, Net Zero and Clean Growth

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