Joint Statement of the Alliance of Energy Intensive Industries
24 September 2026

GETTING THE EU ETS REFORM RIGHT FOR EUROPE'S ENERGY-INTENSIVE INDUSTRIES

The EU has made restoring industrial competitiveness, bringing investment back and securing the future of its energy-intensive industries a strategic priority. The EU Emission Trading Scheme (ETS) revision is the most consequential legislative initiative of this mandate for Europe's economy. It will shape our investment and production conditions well into the 2030s.

We strongly urge the European Parliament and Member States to take the time necessary to conduct a considered and robust revision of the current legislative proposal and to ensure that unconditional free allocation of allowances remains a protection from carbon leakage risk strengthening the business case to invest in Europe.

Europe cannot afford to get this review wrong. Our industries are under severe pressure from high energy costs, unfair trade practices, geopolitical uncertainty, weak demand and an increasingly difficult investment environment. Industrial production has declined in several key value chains, while the investment needed to transform Europe's industrial base remains difficult to unlock. **The EU urgently needs to ease the regulatory burden, cut the cost of doing business, create a viable business case for investments in decarbonisation and restore its international competitiveness to strengthen its strategic autonomy.**

Our industries, which play a vital societal role by ensuring economic stability, remain committed to the transition towards climate neutrality. We require an EU-ETS review that provides support to ongoing investments and effective carbon leakage protection to entire industrial ecosystems, while being aligned with the enabling conditions needed to invest, decarbonise and continue producing in Europe.

We therefore call on the European Parliament and Member States to urgently address two fundamental issues in the ongoing reform.

1. EUROPE'S INDUSTRIAL FUTURE DESERVES MORE THAN A HURRIED LEGISLATIVE PROCESS

A reform with consequences well into the next decade requires a legislative process that reflects its strategic importance to Europe's industrial base. The quality of the reform cannot be sacrificed over the speed of its adoption.

The legislative timetable currently envisaged is far too short to allow for a proper assessment of the reform, and impossible to reconcile with the level of scrutiny such a consequential file requires. The ongoing EU-ETS review will affect the cost structure, investment decisions and employment plans of hundreds of thousands of European companies for years to come.

Decisions of this magnitude require careful consideration of their cumulative socio-economic and competitiveness impacts, proper institutional scrutiny as well as transparent and meaningful engagement with the industries and social partners that will ultimately have to deliver the investments required for the transition. The consequences for investment, competitiveness and industrial production cannot credibly be assessed in a matter of weeks. The effects of getting it wrong will last for decades.

2. PRESERVE FREE ALLOCATION AS PROTECTION AGAINST CARBON LEAKAGE — WITHOUT NEW CONDITIONALITY

Free allocation has one essential purpose: to protect European production against carbon leakage as long as competitors in third countries do not face comparable carbon costs. The Commission proposal weakens the core purpose of free allocation by making such protection conditional on new investment obligations[1] that apply only to European companies. This causes new asymmetries with international competitors and weakens companies' financial capacity to undertake future decarbonisation investments. Simply put it undermines rather than strengthens the business case to invest in decarbonisation in Europe.

We therefore call for the proposed investment conditionality attached to free allocation to be removed.

Large industrial projects depend on technology, demand, permits, infrastructure and financing, much of which companies cannot control. **Our industries need the enabling conditions that make investment possible**: access to low-carbon energy at a competitive price, adequate electricity grids capacity and connection, CO_2 infrastructure and consistent demand for renewable and low-carbon products. **These conditions cannot be created by imposing arbitrary investment obligations on individual companies through the ETS when the infrastructure and business case required to make viable investments are simply not there.** Moreover, there is simply no logic nor economic link between the amount of free allowances received over a certain period of time and how much a company needs to invest in the same period.

Europe does not need more declarations about industrial competitiveness. It needs a workable and predictable ETS framework that allows companies to invest, decarbonise and continue producing in Europe and to ensure that the infrastructure and the economic conditions to attract profitable investments are in place. If EU institutions are serious about restoring industrial competitiveness, this ambition must be reflected in the ensuing regulatory framework.

This requires allowing the legislative process the time and scrutiny it deserves, while ensuring that unconditional free allocation remains an effective safeguard against carbon leakage.

[1] Article 1 point (15) (d) and (e) amending Article 10a (new paragraphs 3b-3e)