

EN
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Answer given by Mr Hoekstra
on behalf of the European Commission
(22.6.2026)

The legislation on the Emission Trading System (ETS) provides for transitional free allocation to evolve and decline in time. The reduction rates are in line with the objective of economy-wide climate neutrality by 2050 and the interim reduction targets.

The 2026-2030 benchmark update exercise, including the applied methodology, is a legal obligation enshrined in the ETS Directive¹ that the Commission has no discretion to deviate from without creating uncertainty and imposing a significant delay to the process of determining and transferring the 2026 free allocation to industry.

The concerns expressed by industry have been well noted and are taken into account by the Commission. The Commission is applying all the flexibilities that are possible within the existing legal framework set by the ETS Directive.

The upcoming review of the ETS Directive will review the rules on free allocation and consider how to best support and boost investments in decarbonisation and electrification of the sectors covered by the system. Commission will also propose the introduction of an empowerment to introduce further sector-specific fallback benchmarks.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02003L0087-20240301>.