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Answer given by Mr Hoekstra
on behalf of the European Commission
(12.6.2026)

The Emissions Trading System (ETS) Directive¹ 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 set in EU law. It is a legal obligation 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 noted and taken into account by the Commission in its draft implementing act, which is currently in public consultation. The draft implementing act proposes to apply the maximum flexibilities possible within the existing legal framework set by the ETS Directive.

The Commission is committed to ensuring that Europe's climate policies support its industrial strength. The comprehensive ETS review, due in July 2026, includes the ETS Investment Booster to fast track the first phase of the Industrial Decarbonisation Bank and allow funds to be available as soon as possible to accelerate the clean energy transition of European industry. In doing so, the Commission is also looking at ways to facilitate faster deployment of projects, and targeted support for mature, high-impact technologies. This approach aims to ensure that investments translate rapidly into real emissions reductions, while reinforcing competitiveness, energy security, electrification and the efficient functioning of the energy system.

¹ <https://eur-lex.europa.eu/eli/dir/2003/87/oj>.