

EN  
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Answer given by Mr Hoekstra  
on behalf of the European Commission  
(1.9.2026)

Under the EU Emissions Trading System (ETS), free allocation supports competitiveness during the transition while maintaining incentives to cut emissions and rewarding efficiency rather than simply subsidising emissions.

On 17 July 2026 the Commission adopted a proposal to review the ETS<sup>1</sup>. Accompanying this proposal is a Staff Working Document<sup>2</sup>, which includes an evaluation of the functioning of the ETS and an impact assessment<sup>3</sup> of different policy options for the future. These assessments have concluded that, so far, the carbon leakage protection has been effective and that the reforms introduced continue to reduce carbon leakage risks and improve the competitiveness of European industry.

Conscious that a reduction in free emissions allowances can create short-term pressure on energy-intensive, carbon-leakage exposed sectors, the review includes other carbon leakage prevention measures as well as a significant increase in the support for investments in the decarbonisation of the EU, in particular through the Industrial Decarbonisation Bank and the Investment Booster.

Furthermore, the Commission is taking multiple measures to support industry in the current energy crisis affecting supply of imported fossil fuels, including under the Affordable Energy Action Plan, AccelerateEU<sup>4</sup> and the Electrification Action Plan<sup>5</sup>.

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<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52026PC0616>.

<sup>2</sup> SWD (2026) 616.

<sup>3</sup> [https://climate.ec.europa.eu/publications/swd2026-616-impact-assessment\\_en](https://climate.ec.europa.eu/publications/swd2026-616-impact-assessment_en).

<sup>4</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52026DC0370&qid=1785844804331>.

<sup>5</sup> [https://energy.ec.europa.eu/publications/communication-electrification-action-plan-com2026595\\_en](https://energy.ec.europa.eu/publications/communication-electrification-action-plan-com2026595_en).