

(English version)

Question for written answer E-002525/26
to the Commission
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(17 June 2026)

Subject: Systemic risks arising from developments in the EU ETS market and the financial exposure of companies subject to compliance obligations

The European Union Emissions Trading Scheme (EU ETS) is a synthetic EU policy instrument. In recent years, EU emission allowances have fluctuated widely in value, while the expansion of the scheme and the gradual reduction in the number of available allowances have pushed up the financing needs of companies subject to compliance obligations.

Many industrial operators rely on bank financing, derivatives and other transactions to purchase ETS allowances. Against a backdrop of high energy costs, tighter credit conditions and possible future interest rate rises, further increases in the price of allowances could lead to liquidity problems and exert financial strain on the most vulnerable sectors.

The growing participation of financial operators in the carbon market raises questions about the risk of speculation and misalignments between the value of allowances and economic fundamentals.

In the light of the above:

1. Does the Commission have an updated contingency plan to address risks arising from potential price shocks in the carbon market and, if so, what does it entail?
2. Does the Commission believe that the current structure of the EU ETS market contains elements liable to give rise to speculative behaviour or financial bubbles?
3. Does it have any instruments to mitigate the systemic risks arising from high financial leverage in the EU ETS market?

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Answer given by Mr Hoekstra on behalf of the European Commission
(2 October 2026)

The EU Emissions Trading System (ETS) is a market-based climate policy instrument that helps reduce emissions in a cost-effective manner.

Most ETS compliance entities indeed buy or sell their allowances through financial intermediaries, which play a key role in the carbon market by providing carbon financing and risk management options, while contributing to liquidity in the market so that prices are more predictable.

The ETS is equipped with important safeguards to address the risks of potential price shocks in the carbon market, such as the measure in case of excessive price fluctuations and the Market Stability Reserve (MSR) in case of scarcity, both of which contain rule-based triggers to inject extra allowances in the market. The Commission has proposed this year a revision of the MSR ⁽¹⁾, which includes a wider assessment of market stability going forward.

The EU carbon market is governed by the same, robust EU financial legislation and oversight ⁽²⁾ that applies to other financial markets such as shares and bonds.

Moreover, under its mandate in the ETS Directive the European Securities and Markets Authority (ESMA) regularly monitors and reports annually on the EU carbon market.

The latest ESMA report confirms that the EU carbon market is healthy and functions normally, in line with market fundamentals, and that financial firms play a central role ⁽³⁾. Therefore, the Commission has not proposed additional measures regarding participation of financial actors in the market.

⁽¹⁾ https://ec.europa.eu/commission/presscorner/detail/en/ip_26_666; and https://ec.europa.eu/commission/presscorner/detail/en/ip_26_1596.

⁽²⁾ Markets in Financial Instruments Directive (2014/65/EU).

⁽³⁾ See the latest ESMA report of 9 July 2026: <https://www.esma.europa.eu/press-news/esma-news/financial-firms-keep-eu-carbon-markets-moving>.