

Joint Statement

Europe's competitiveness and energy security hinge upon a strong and stable EU ETS

At the European Leaders Summit in Alden Biesen, the EU-27 Heads of State and Government reaffirmed that Europe's energy transition remains the best strategy to achieve long-term strategic autonomy and low energy prices. Yet, some leaders suggested Europe must intervene now and backtrack on its flagship climate change instrument – the EU Emission Trading System.

Europe's competitiveness and energy security require the fast deployment of more clean energy and industrial decarbonisation solutions. Stable and credible policy instruments like the EU ETS are the bedrock for such investments. The EU ETS provides an efficient, market-based, and technology-neutral signal guiding industry's capital allocation, risk management and industrial transformation.

It is important to recall a simple fact, however: the EU ETS works. Combined with marginal pricing in electricity markets, it provides a clear signal that prioritises the dispatch of clean energy in real time and incentivises investment in low-carbon technologies. Since 2005, emissions in ETS-covered sectors have fallen by 50% while economic output has grown by 71%, proving that decarbonisation and competitiveness go hand-in-hand. The EU ETS has been instrumental in driving Europe's push for clean energy, while reducing dependency on fossil fuel imports.

Europe should not repeat the mistakes from the energy crisis when ad hoc interventions in core market fundamentals undermined investments in competitive electricity assets and industrial decarbonisation projects. Undermining the EU ETS or introducing short-term corrective interventions will raise the cost of capital and delay Final Investment Decisions for clean energy projects. Such instability would undermine the bankability of clean energy and industrial decarbonisation projects — investments needed to lower European energy system costs, strengthen energy security, and enhance Europe's competitiveness.

At a time of geopolitical instability and industrial transformation, concerns about energy prices and competitiveness are legitimate and must be addressed. This is where the upcoming EU ETS review can provide a way forward: a targeted update of selected ETS parameters can enhance predictability and address emerging competitiveness concerns, while preserving the system's integrity and long-term investment signal. With approximately €43 billion generated in 2025 alone, the ETS also offers a powerful opportunity to further reinforce competitiveness through strategic revenue recycling into industrial decarbonisation. Strengthened by the Carbon Border Adjustment Mechanism (CBAM), the EU ETS is a powerful tool for Member States to strategically invest in Europe's long-term competitiveness, as highlighted by Mario Draghi in his European Competitiveness Report.

Regulatory stability remains fundamental to drive investments and financing across Europe's electricity sector and industrial value chains. We call on European Leaders to stay the course on the EU ETS for Europe's energy security and industrial competitiveness amidst this dynamic geopolitical context.

Signatories



European Energy Exchange



International Emissions Trading Association



Intercontinental Exchange

