12 March 2026

Dear Heads of State and of Government,
Dear President von der Leyen,
Dear President Costa,

We, the undersigned organisations, emphasise that Europe's industrial resilience, strategic autonomy and global leadership depend on a stable and credible carbon pricing framework.

At a time of geopolitical instability and economic realignment, policy certainty is essential. European industry requires stable and predictable carbon pricing to move ahead with capital-intensive low-carbon investments. This call for stability is not limited to civil society. Recent industry communications - including a WindEurope-coordinated joint statement and a letter from Nordic business federations - underline that weakening the EU ETS would increase regulatory risk and financing costs, delay final investment decisions and weaken Europe's attractiveness for long-term industrial projects.

The EU ETS has already been carefully calibrated to account for competitiveness concerns, including through extensive free allocation and built-in stability mechanisms that have shielded economic actors from the full societal cost of CO_2 emissions. Between 2008 and 2024, industrial installations often received free allowances sufficient to cover - and in many cases exceed - their verified emissions. Claims that carbon pricing is "destroying industry" overlook structural dynamics such as global overcapacity, coal-based industrial expansion outside Europe and energy market volatility.

We therefore call on the European Council and EU Member States to:

- Uphold Europe's position as a global leader on climate policy and provide clear political backing for a strong, predictable and rules-based carbon pricing framework insulated from short-term political intervention;
- Allow the European Commission to present its forthcoming EU ETS review, to be addressed through the ordinary legislative process, with Member States fully exercising their role within the Council;
- Maintain the agreed cap trajectory in line with the legally mandated 2030 and 2040 climate targets and safeguard the integrity of the Market Stability Reserve;
- Uphold the polluter pays principle across the agreed upon phase-out timeline of free allocation and the yet to be defined phase-out timeline of free allocation for non-CBAM sectors;
- Safeguard and strategically deploy ETS auction revenues and the Innovation Fund to accelerate low-carbon industrial investment and emissions reductions, ensuring funds support electrification, circularity, renewable energy and innovation while avoiding fossil-based lock-in, and contributing to international climate finance.

The EU ETS is a central pillar of Europe's climate and industrial policy architecture. Preserving its integrity, predictability and rules-based design is essential to ensure that Europe remains competitive, energy-secure and firmly aligned with its 2040 pathway.

12 March 2026

Signed by the following organisations:

Climate Catalyst

CARBON MARKET WATCH

CAN CLIMATE ACTION NETWORK Europe

WWF

BEYOND FOSSIL FUELS

BOND BETER LEEF VOOR DE TOEKOMST MILIEU

CEE Bankwatch Network

CDE Centre for Transport and Energy

Levegő Munkacsoport

Коалиция за климата България

DNR DEUTSCHER NATURSCHUTZRING

ecodes tiempo de actuar

EKOenergy ecolabel

ecos

EEB European Environmental Bureau

Finnwatch

INFORSE-EUROPE International Network for Sustainable Energy

Environmental Pillar

JDEC JACQUES DELORS ENERGY CENTRE

JUST SHIFT

12 March 2026

<u>List of signatories</u>

Beyond Fossil Fuels
Bond Beter Leefmilieu
Carbon Market Watch
CEE Bankwatch Network
Centre for Transport and Energy
Clean Air Action Group
Climate Action Network Europe
Climate Catalyst
Climate Coalition - Bulgaria (CCB)
Deutscher Naturschutzring e.V.
ECODES
EKOenergy ecolabel
Environmental Coalition on Standards
European Environmental Bureau
Finnwatch
International Network for Sustainable Energy - Europe
Irish Environmental Pillar
Jacques Delors Energy Centre
Just Shift
LEGAMBIENTE
Mellemfolkeligt Samvirke
Mouvement Ecologique
NABU e.V.
Natuur & Milieu
Opportunity Green
Réseau Action Climat
Sandbag
SteelWatch
Stop Climate Chaos
Transport & Environment
WISE
WWF EU
Za Zemiata - Friends of the Earth Bulgaria
ZERO - Association for the Earth Sustainability
Zero Waste Europe