To President of the European Council, António Costa,
EU Presidents and Prime Ministers

Brussels, 13 October 2026

Dear President Costa,

Ahead of the European Council of 15–16 October, we are writing on behalf of Europe's energy intensive industries with an urgent call: make the EU ETS review a priority for the European Council. This reform, now moving at exceptional speed, is the most consequential legislative initiative of this mandate for Europe's economy. It will set the cost structure, investment decisions and employment plans of European companies for years to come. If the urgency of restoring industrial competitiveness is a strategic priority, this reform is where that commitment will be tested.

Last February, at the European Industry Summit and at the Alden Biesen retreat, Europe's leaders agreed that the EU needed to move from diagnosis to delivery, with concrete actions and results in 2026.

Yet, two years after Draghi's report, the implementation gap remains unresolved. Decisive action is urgently needed to restore competitive energy prices and create the enabling conditions that would make transformative decarbonisation investments possible across all regions of the EU: affordable electricity, CO2 and energy infrastructure, demand, financing, and a functioning Single Market.

The European Council should therefore double down on Competitiveness and inform the strategic decisions of the European Commission in this direction. Multiple issues already on the agenda deserve urgent consideration.

First, proper attention must be given to the Competitiveness envelope in the upcoming negotiations on the MFF 2028-2034. We acknowledge that such negotiations will require difficult choices. Yet, the Competitiveness envelope must be commensurate with the scale of our challenges and capable of supporting industrial investment and transformation.

Then, building on your scrutiny of the recent understandings reached with China, we call upon you to ensure a broader and ambitious strategy to address unfair trade practices and persistent market distortions, and to bring lasting relief for sectors facing unfair competition. To preserve Europe's industrial base, the EU must use existing trade defence instruments faster and more effectively and develop a new

toolkit to address state-driven distortions and new forms of circumvention. None of this can be delivered without a significant increase in staff and resources for the Commission's trade defence services.

Finally, we urge you to ensure that the EU ETS review is fully aligned with the competitiveness commitments made in Antwerp and Alden Biesen. This requires prioritising the quality of negotiations over speed and giving this reform the scrutiny it deserves, addressing the shortcomings of the European Commission's proposal and ensuring that any substantive decision rests also in the hands of heads of States and Government.

Some elements of the Commission's proposal, such as the adjustment of the ETS trajectory and other flexibility measures, represent a step in the right direction. Yet, Member States need to take a clear stance on carbon leakage measures and ensure that the final agreement reflects industrial realities. Concretely, it is essential to:

- Ensure that unconditional free allocation of allowances remains a protection from carbon leakage risk. Free allocation exists to protect European production from carbon leakage, while competitors face no comparable carbon cost. Making such protection conditional on investment obligations will further exacerbate the competitive asymmetry and must be avoided.

- Avoid a punitive cross-sectoral correction factor (CSCF) and a steep reduction of free allocation. This will require, among others, changing the ratio between free allocation and auctioning. According to the Commission's own estimates, free allocation could be reduced by up to 70% by 2040 through the CSCF. A steep reduction in free allocation would seriously undermine the competitiveness and investment capacity of energy-intensive industries at the very moment they are expected to deliver the deepest transformation.

- Ensure an effective and watertight CBAM, including a concrete solution on exports while free allocation is being phased out.

Delivering competitive, low-carbon energy, accelerate grids connections and CO_2 infrastructure across all regions of the EU, and develop markets for low CO_2 products where needed are essential prerequisites for any ambitious transformation of industry and for the implementation of the EU ETS. We ask you to assess the current proposal with the above in mind: Europe cannot simultaneously promise to restore the business case for investment and make the conditions for that investment harder to meet.

The leaders of Europe's energy-intensive industries stand ready to engage with you on these key topics at any time to strengthen the growth potential of our economy, protect European jobs and secure investments. It is now time for EU policies to create the conditions in which those investments can actually take place.

Yours sincerely,

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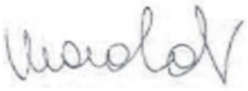

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