FEDIL

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FEDIL POSITION ON THE ETS REVIEW

In this paper, FEDIL provides its key messages in response to the European Commission's 17 July 2026 proposal to review the EU Emissions Trading System (EU ETS). It focuses on four elements particularly relevant to the Luxembourg industry: conditionalities for free allocation, the post-2030 cap trajectory and international credits, aviation, and finally, the use of ETS revenues.

FEDIL and its members support Europe's climate efforts and recognize the EU ETS as a central market-based instrument for industrial decarbonization, while underlining the important role played by other global mechanisms such as CORSIA for aviation. A credible and predictable ETS can provide the long-term visibility needed to plan and finance major industrial investments. At the same time, climate policy must support the EU's broader objectives of competitiveness, resilience and strategic autonomy.

The post-2030 ETS must therefore contribute not only to reducing emissions, but also to reversing Europe's deindustrialization trend and creating the conditions for new industrial investment and production capacity in the EU. Its design must combine a credible decarbonization pathway with the technological, infrastructural and economic conditions that allow existing industries to transform competitively in Europe, and to attract new industrial investors.

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