

18<sup>th</sup> of March 2026

H.E. Mr. António Costa  
President of the European Council  
BRUSSELS

H.E. Mrs. Ursula von der Leyen  
President of the European Commission  
BRUSSELS

Dear President Costa, dear António,  
Dear President von der Leyen, dear Ursula,

Europe stands at a critical juncture. Decisions taken today on competitiveness will determine our prosperity, technological leadership, and strategic autonomy for decades to come. Recent geopolitical developments once again underline the fragility of today's economic ecosystems and the difficult environment in which businesses operate.

European competitiveness has long been — and remains more than ever — the backbone of our prosperity, strength, and resilience. The European project has always been grounded in economic success by fostering sustainable prosperity and competitiveness. Safeguarding our strength is therefore not only an economic question it is also a deeply political task.

Climate change must be addressed decisively. However, we can only succeed in the green transformation if our industrial base remains strong. Since the agreement on the Green Deal was reached, the global environment has changed significantly. Energy prices have skyrocketed, inflation has made the investments required for the transition even more costly, and current decarbonising solutions are not yet sufficiently developed for economic sustainability for hard to abate industries. Today, we see that the pathway as foreseen by the EU Emissions Trading System (ETS) until 2034 is too steep and overly ambitious. Our industry is committed and continues to take the necessary steps to transform its business models. However, combined with high energy prices and the phase-out of ETS free allowances, the current framework has become an existential risk for many European strategic industrial sectors. That is a lesson learnt.

Madame President, in your letter of 16 March on Competitiveness you rightfully underline that we must ensure that the ETS system is adapted to new realities. To that end we consider a thorough review of ETS aimed at mitigating its impact on electricity prices and at reducing the risk of volatility of carbon pricing including an extension of the free EU allowances under ETS 1 beyond 2034 to be necessary. Furthermore, it is crucial to smooth the phase-out of free allowances from 2028 onwards to avoid placing an excessive burden on industry during this transition period. We welcome that this principle is also reflected in the agreement on the 2040 climate target.

Time is of the essence; the corresponding legislative proposal should therefore not wait until summer. Following our upcoming discussions at the European Council in March, the review of ETS 1 should be presented at the end of May at the latest.

We count on you and your services to work jointly towards the best outcome for Europe.

Kind regards,

Federal Chancellor of Austria  
Christian Stocker

Prime Minister of Bulgaria  
Andrey Gurov

Prime Minister of the Republic of  
Croatia  
Andrej Plenković

Prime Minister of the Czech Republic  
Andrej Babiš

Prime Minister of the Hellenic  
Republic  
Kyriakos Mitsotakis

Prime Minister of Hungary  
Viktor Orbán

President of the Council of Ministers  
of the Italian Republic  
Giorgia Meloni

Prime Minister of Poland  
Donald Tusk

President of Romania  
Nicușor Dan

Prime Minister of Slovakia  
Robert Fico