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Europe's Emissions Trading System: Unpacking Industry Opposition

Policy Brief | June 2026

The EU Emissions Trading System (ETS) is the cornerstone of European climate policy, regulating emissions from industry, power generation, maritime, and aviation, and driving investment into clean technologies. Ahead of the release of a review proposal in July 2026, InfluenceMap quantified support for this flagship policy, systematically tracking engagement within the InfluenceMap database of over 1000 companies and 300 industry associations worldwide. This analysis identifies and fact-checks key misleading narratives used by some corporate actors to oppose the ETS.

Within InfluenceMap's database of companies' direct engagement with policymakers on the EU ETS in 2025–26:[1]

45% support an ambitious ETS

44% advocate to weaken the policy

"[The ETS] has driven billions of euros of investments by early movers, has provided a market signal for innovation and can be the demand signal for European cleantech solutions to scale."
Joint letter, March 2026

"The ETS has already delivered: emissions in ETS sectors have fallen by around 50% since 2005, while the EU economy grew by nearly 30%."
Eurelectric, June 2026

Supportive companies stress that the ETS drives EU competitiveness and decarbonization and that its stability ensures investment certainty. They span sectors, from utilities to retail to some heavy industry and energy companies, while opposition originates from parts of the fossil fuel, metals, cement, and chemical sectors.

But on multiple occasions, these oppositional sectors have *claimed* to speak for all industry. Most recently, a *joint letter*—initiated by steel and chemicals companies ArcelorMittal, BASF, thyssenkrupp, and voestalpine—presented the ETS as a threat to European industry as a whole. They base their opposition on three claims that are contradicted by publicly available data:

Claim: The EU does not provide the necessary enabling conditions for industry to decarbonize.

"The conditions required for industrial transformation are not in place. Critical infrastructure for energy, CO_2, hydrogen and CCS is missing or insufficient."
Joint letter initiated by ArcelorMittal, BASF, thyssenkrupp, and voestalpine, June 2026

InfluenceMap Fact Check

- The EU has introduced several policies to create the conditions for industrial decarbonization, such as the Renewable Energy Directive and the Clean Industrial Deal State Aid Framework (CISAF), which support access to clean energy and investment in low-carbon technologies.
- *ArcelorMittal, BASF*, and *thyssenkrupp* have advocated for years to weaken these policies, especially opposing ambitious renewable energy and renewable hydrogen policies, which are key to their sectors' transition.

Industry Engagement Example

"A robust ETS ensures a predictable CO_2 price. Investments in sustainable technologies such as electrification, renewable energy, hydrogen, CO_2 storage, and circular production require a long-term perspective and policy certainty."
Joint letter, including *RWE*, June 2026

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Claim: The EU's carbon price is too high.

"We call for a decisive intervention to stop the ETS cost escalation."
Joint letter initiated by ArcelorMittal, BASF, thyssenkrupp, and voestalpine, June 2026

InfluenceMap Fact Check

- Free allowances covered *85%* of industrial emissions between 2021 and 2025, so the average effective carbon price paid by industry in 2025 (~€10/tCO2) was only a small fraction of the average carbon price that year of *€70/tCO_2*, according to European Commission data.
- As the EU carbon price increases, so does ETS revenue, which is partly reinvested in the industry via the *Innovation Fund* and the *Modernisation Fund*. These funds support industry in its transition to lower-emissions models, which reduces the amount they pay into the ETS.

Industry Engagement Example

"Carbon pricing is an important condition that makes near-zero emission steel competitive against more polluting manufacturing. Without that price signal, the business case for transformation weakens"
Joint letter, including *SSAB*, June 2026

Claim: Industry does not receive enough free allowances.

"[Stopping ETS cost escalation] must include a recalibration of free allocation, benchmark methodologies and values."
Joint letter initiated by ArcelorMittal, BASF, thyssenkrupp, and voestalpine, June 2026

InfluenceMap Fact Check

- Currently, most ETS sectors, including steel and cement, receive substantial free allowances, pushing the effective carbon price for these sectors below *€50/tCO_2* according to BloombergNEF.
- For some companies, including *ArcelorMittal* and *BASF*, allocated free allowances *appear* to exceed their actual EU emissions. These can then be sold on the EU carbon market, allowing companies to profit from the current system.
- By design, free allowances are phased out over time to encourage companies to invest in emissions reduction. By slowing down this phase-out, the EU *risks* weakening its primary incentive to decarbonize.

Industry Engagement Example

"Maintaining free allowances will deprive industry of resources needed for its transformation and extend its dependence on imported fossil fuels."
Joint letter, including *Ecocem*, February 2026

If EU policymakers want to preserve a policy framework that supports the long-term competitiveness of EU industry, they will need to be aware of misleading narratives from oppositional industry. Supportive companies emphasize that maintaining key ETS design elements—including the planned tightening of the cap on emissions allowances and the scheduled phase-out of free allowances—will provide the stability and predictability needed to support industrial investment and decarbonization.

[1] *As of June 24, 2026, and based on publicly available communications and engagements between companies and EU policymakers, including joint letters. Supportive companies are defined as companies with a majority of supportive statements and negative ones with a majority of oppositional statements on the review (as defined by the LobbyMap methodology). 11% of the companies have been categorized as neutral because of mixed or unclear statements. Evidence items are from either consultation responses or joint letters.*