

IKEM response to the public consultation on the revised benchmark values for free allocation of emission allowances for 2026–2030

IKEM – Innovation and Chemical Industries in Sweden welcomes the opportunity to provide comments on the draft implementing regulation determining revised benchmark values for free allocation under the EU ETS for the period 2026–2030.

IKEM represents the chemical, plastic, pharmaceutical and refineries industries in Sweden. Our member companies are highly export-oriented, exposed to international competition and provide essential inputs to many industrial value chains. Their ability to invest in climate-neutral and low-carbon production in Europe is therefore important both for reducing their own emissions and for enabling the wider transition of European industry.

IKEM supports the EU ETS as the cornerstone of European climate policy. A well-functioning ETS must provide a strong and predictable investment signal for industrial decarbonisation, while ensuring effective protection against carbon leakage for sectors exposed to global competition.

IKEM recognizes the need to adopt the revised benchmark values for 2026–2030 without unnecessary delay, so that companies can receive clarity on their free allocation. Predictability is essential for investment planning.

At the same time, IKEM is deeply concerned about the development of the fallback benchmarks, in particular the heat and fuel benchmarks. These benchmarks cover a broad range of industrial processes with significantly different technical conditions, possibilities to reduce emissions and carbon leakage exposure. As a result, the current fallback methodology risks being too blunt and may not sufficiently reflect the real decarbonisation pathways available in parts of our industries.

Our industries often have complex and integrated processes which are often dependent on specific feedstocks, heat qualities and site-specific conditions. Relevant abatement technologies may also not be equally available across all installations or sectors. Where technologies depend on local infrastructure, feedstock access or other site-specific conditions, this should be reflected in the benchmark design.

IKEM therefore welcomes the Commission's intention to develop sector-specific fallback benchmarks as part of the upcoming ETS revision. This work should ensure that the post-2030 framework for free allocation:

- better reflects the technical realities and decarbonisation pathways of different industrial sectors;
- avoids overly generic fallback benchmarks that create unintended and disproportionate effects for certain processes;
- maintains effective carbon leakage protection for industries exposed to international competition;
- supports investment in real emission reductions and industrial transformation in Europe; and
- is developed in close cooperation with affected sectors, including the chemical industry.

The forthcoming work on sector-specific fallback benchmarks should not create additional uncertainty for the current allocation period. Companies need timely decisions on free allocation for 2026–2030. The necessary reform of the fallback benchmark methodology should therefore be addressed in the ETS revision and the post-2030 framework, while the current process needs to be concluded without further unnecessary delay.

In conclusion, IKEM considers that the current fallback benchmark methodology raises important concerns for parts of the chemical and refinery industry. In that context, IKEM

encourages the Commission to develop more sector-specific and technically robust fallback benchmarks in close cooperation with the sectors concerned.