

European Roundtable on Climate Change and Sustainable Transition

2026 Prospectus

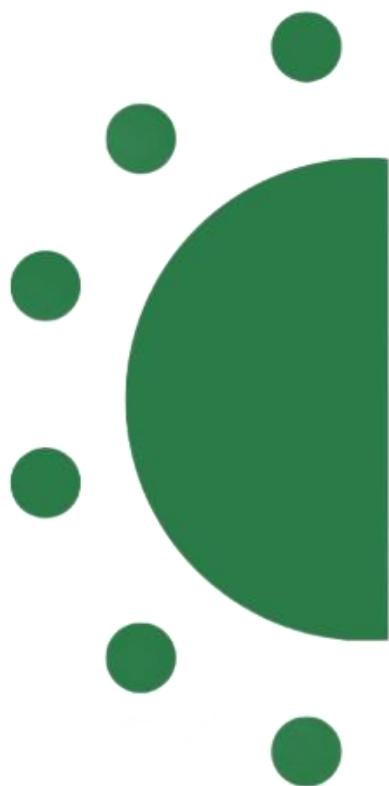




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About ERCST

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The European Roundtable on Climate Change and Sustainable Transition (ERCST) is an independent, not-for-profit think tank, registered under Belgian law (as an ‘association sans but lucratif’), based in the heart of the European quarter in Brussels. More information on ERCST can be found in the ‘Governance’ section of our website.

The mission of ERCST is to provide a neutral space where policymakers and regulators can meet stakeholders and discuss climate change policy, including how to manage a sustainable transition to a low-carbon society. While focused on European climate policy, ERCST fully recognises and incorporates in its activities and thinking, the global dimensions of climate change policy.

ERCST aims to provide rigorous intellectual analysis, stemming from the experience and input of its staff, as well as other research available, and the input of the stakeholders who join its activities.

It represents its own views and strives to ensure in a very strict way its independence and integrity. ERCST aims to provide original ideas and research into European and international debates, which it can fully support through the logic of its arguments and the evidence that it can bring forward.

ERCST is therefore open to researchers, NGOs, experts, and other stakeholders, filling a gap in the institutional “climate landscape”. It is a place where all views will be welcomed, encouraged, and listened to.

In 2024, ERCST will continue its efforts and work organised in a number of work streams that operate with different formats such as online webinars, brainstorm sessions, task forces, moderated roundtables in Brussels and other capitals, briefings and lunchtime meetings.

Values

ERCST is committed to the goals and principles of the Paris Agreement and works towards promoting a just, inclusive, and sustainable global transition.

ERCST has always been careful to ensure an inclusive working environment and to be attentive to gender diversity and to the plurality of voices represented in its initiatives. When this is not reflected in one of our publications or events, it is due to the unavailability of the consulted experts to participate, to choices of organisations on their representation or specific representation in the respective organisation.



2026 Work Streams

ERCST plans to structure its work for 2026 around the following workstreams:

- 1. EU ETS**
 - a. 2026 State of the EU ETS Report
 - b. Free allocation under CBAM and carbon leakage
- 2. Climate and Trade**
 - a. Carbon Border Adjustments in the EU
- 3. International Climate Change Policy and the Implementation of the Paris Agreement**
 - a. Markets and Non-market Provisions (Article 6) under the Paris Agreement
 - b. Response Measures under the Paris Agreement
- 4. Hydrogen**
 - a. Industrial Decarbonisation Accelerator Act: Will It Be the Signal for Hydrogen Demand to Emerge?
 - b. Financing the EU Hydrogen Market
- 5. Sustainable Fuels**
 - a. Policy options for sustainable mobility: the road to decarbonization
- 6. Carbon Management**
 - a. European Commission's CO₂ Transport Package: Implications for EU Climate Policy

This list is indicative and will be continuously revised and updated throughout the year. Moreover, the focus and activities might be adapted as the 2026 political agenda develops.



Timeline of Activities January-May 2026

January 2026

- Product standards in the EU – Stakeholder Consultation
- 2026 State of the EU ETS report – Stakeholder Roundtable
- EU CBAM Legislative Proposal - Focus Group
- Carbon Leakage under CBAM and Free Allocation – 2nd Stakeholder Meeting
- EU's Road Transport Decarbonisation Policy: Innovative Policy Approaches for Industrial Competitiveness – Stakeholder Consultation
- Industrial Decarbonisation Accelerator Act: will it be the signal for hydrogen demand to emerge? - Debate
- European Commission's CO2 Transport Package: Implications for EU Climate Policy - Focus Group

February 2026

- EU CBAM Legislative Proposal - Stakeholder consultation
- Policy options for sustainable mobility: the road to decarbonisation - Launch event
- Carbon Leakage under CBAM and Free Allocation - Launch event
- European Commission's CO2 Transport Package: Implications for EU Climate Policy - Stakeholders Consultation

March 2026

- 2026 State of EU ETS – 2nd Stakeholders meeting
- EU CBAM Legislative Proposal - Launch event

April 2026

- European Commission's CO2 Transport Package: Implications for EU Climate Policy - Launch event

May 2026

- 2026 State of the EU ETS Report – Launch Event



1. EU Emissions Trading System (EU ETS)

a. 2026 State of the EU ETS Report

The Report is intended as a “snapshot” and independent contribution to the policy debate, providing policymakers and stakeholders with an overview of how the EU ETS is doing by each year, based on previous year’s data.

In 2025, the ninth yearly edition of the Report¹ was published. This report² aligned with the previous version, featuring a more comprehensive chapter on competitiveness, with a focus on the economic impacts, the auction revenue and measures that Member States must undertake to address competitiveness issues. In 2026, the ERCST will produce its tenth annual report. The 2026 report will also feature a section on international credits, with a further focus on indirect costs compensation and climate fund, that ERCST will produce together with the Wegener Centre on Climate and Global Change, BloombergNEF and Compass Lexecon.

In addition to the report, the project aims to bring together small groups of stakeholders deeply involved in EU ETS discussions, through meetings held in Brussels and in other EU Member States. The aim of the report will be to provide a thoughtful analysis on the state of discussion and upcoming issues that will determine the future of the EU ETS, delivering a precise document featuring environmental, competitive and socio-economic delivery of the EU ETS.

b. Free allocation under CBAM and Carbon Leakage Project

ERCST and the Climate Economics Chair (CEC) are analysing the impact of a combination of Free Allocation and CBAM on industrial profitability, production and other KPIs.

The work will encompass a number of iterative consultations with stakeholders, and will result in a paper in early 2026 that will provide evidence-based policy recommendations to inform future reforms of EU ETS and CBAM.

¹ Marcu, A., Caruana, N., López, J. F. L., Coker, E., Bourcier, F., Caneill, J-Y., Schleicher, S. & Romeo, G., Chawah, P., Finlayson, R., (2025). 2025 State of the EU ETS Report. 14 May. Available at <https://ercst.org/2025-state-of-the-eu-ets-report/> (Accessed on 9 December 2025)

² By 9 December 2025, the 2025 State of the EU ETS Report accounted more than 1,400 downloads at ERCST’s website.



2. Climate and Trade

a. Carbon Border Adjustments in the EU – Phase VII

Phase VII of the project will provide more in-depth analysis and discussion of a series of issues that will gain prominence as the CBAM enters into the definitive phase:

- **Response to the Q4 2025 legislative proposal:** This report will provide a timely and comprehensive reaction to the European Commission's legislative proposal expected in the last quarter of 2025. It will analyze the proposed solution for the treatment of exports, the proposed extension of the CBAM to downstream sectors, and the Anti-Circumvention Strategy (including resource shuffling). The report will offer a detailed analysis and critical reflection on those key design questions and offer recommendations.
- **EU CBAM in an international context:** The second report will give stakeholders an incisive overview of the intersections between the EU CBAM and CBAM-related international initiatives. This will include, as appropriate: the challenge of achieving inter-operability between the EU CBAM and other-country BCAs; the implications for the EU CBAM of initiatives/proposals for CBAM-related climate coalitions; and the implications for the EU CBAM of ongoing international processes such as the EU-US joint cooperation on trade, and the UNFCCC and its constituent bodies.
- **KPIs & state of the EU CBAM:** This report will offer an independent contribution to the ongoing policy debate by asking a central question: how do we judge the success of the EU CBAM? Modeled on the successful ERCST “State of the EU ETS” reports, it will present a concise, KPI-based overview of the mechanism’s current state, highlighting recent developments and tracking measurable outcomes. Conceived as a snapshot, the report is designed to help policymakers and stakeholders assess whether the CBAM remains ‘fit for purpose’ and identify areas for adjustment.

ERCST will also retain flexibility to react to new developments and changing priorities during the project duration with timely analysis and convening.



3. International Climate Change Policy and the Implementation of the Paris Agreement

a. Article 6 of the Paris Agreement

The Paris Agreement 10-years anniversary is the first milestone for International Carbon Markets under Article 6. And ERCST started its work a year before the Paris Agreement adoption.

Since its inception, ERCST has been organising and hosting regular informal dialogues on the operationalization and implementation of Article 6, with the aim of fostering discussions in a less rigid atmosphere. Since 2014, the ERCST Article 6 Informal Dialogues is bringing together the relevant negotiators and stakeholders, to ensure that participants feel free to go deeper into developing, explaining and understanding the different views and interpretations of the rules, modalities and procedures.

During 2021-2022, the informal dialogues continued in virtual format, focusing on why an agreement could not be reached and discussing potential ways forward. Emphasis was put on better understanding contentious issues and links with other parts of the Article 6 Rulebook. Partically, Article 6 Rulebook that was adopted at COP 26.

During 2025, ERCST was instrumental and facilitated Article 6 informal discussions leading to the successful implementation of the work programme and decisions taken in COP 30 in Belem, Brazil.

In addition, ERCST hosts the Article 6 Community Center. ERCST organises and contributes to webinars with leading thinkers and practitioners on a regular basis to tackle different interesting topics and facilitate knowledge-building within the community.

Moreover, ERCST hosts the Article 6 Library on its website. The library is a unique point of information that holds 250+ publications, presentations and UNFCCC documents that relate to Article 6 of the Paris Agreement. New publications are continuously added to ensure users are updated on the newest research and analysis.

During 2026 the ERCST will continue its Article 6 Informal Dialogues work focusing on implementation dimension.

b. Response Measures under the Paris Agreement

Response measures is an important component of the Paris Agreement (Article 4.15) and finds resonance in the just transition, economic diversification and decarbonisation discussions. Its international dimension looks at the effects arising from mitigation policies taken by Parties and their cross-border impacts, both positive and negative.

ERCST's work on response measures has been pioneering in developing a methodology



for reporting on the impacts of response measures and by practically applying it with country case studies.

In 2019, ERCST carried out a case study on ‘Reporting on response measures under biennial update reporting in Chile’.

In 2021, ERCST developed a case study for reporting the socio-economic impacts of response measures in Ghana. The work has been undertaken as a ‘live’ iterative activity, with work done, followed by webinars with local stakeholders and response measures negotiators, in order to gather feedback, refine the methodology and foster capacity building among relevant stakeholders. This work was taken on board of KCI and the Forum on response measures.

Additionally, ERCST is conducting regular workshops and side events under the ‘Informal Dialogue on Response Measures’ initiative to discuss different topics, including Just Transition, CBAM and the progress of the work plan of the KCI and the Forum.

This work will continue in 2026 and is being developed as the international negotiations agenda evolves.



4. Hydrogen

a. Industrial Decarbonisation Accelerator Act: Will It Be the Signal for Hydrogen Demand to Emerge?

The Industrial Decarbonisation Accelerator Act (IDAA), expected to be published in Q1 2026, is a core element of the Clean Industrial Deal. It is designed to accelerate the decarbonisation of Europe's energy-intensive industries and aims to address three major challenges slowing down industrial transformation: lengthy permitting procedures, high investment risks for clean industrial technologies, and insufficient demand for low-carbon industrial products. The IDAA is expected to create an enabling environment for priority industrial decarbonisation projects and clusters, improve access to electricity, hydrogen, and CO₂ transport & storage infrastructure, and support the emergence of European lead markets for low-carbon products.

We will organize a Debate titled 'Industrial Decarbonisation Accelerator Act: Will It Be the Signal for Hydrogen Demand to Emerge?' to hear different views on the proposal and assess whether it can finally trigger hydrogen demand, strengthening industrial competitiveness and the EU's climate-neutrality pathway.

b. Financing the EU Hydrogen Market

This segment of our work aims to investigate the key factors, challenges, and trends that influence investment in the EU hydrogen market. Our research will focus on the developments occurred in the framework of the European Hydrogen Bank. We will organize a Roundtable event on the European Hydrogen Bank Third Auction to discuss the current configuration of the EU Hydrogen Bank, the results of the previous auction, the possible configurations of future auctions and potential areas for improvement.



5. Sustainable Fuels

a. Policy options for sustainable mobility: the road to decarbonization

In Q1 2026, the European Commission will publish the CO₂ Emissions Standards for Cars and Vans, setting legally binding limits on the average carbon dioxide emissions of new vehicles placed on the EU market.

The automotive sector is undergoing a profound transformation, shaped by shifting consumer preferences, evolving public and climate policies, growing global competition, declining exports, high energy prices, and insufficient infrastructure. Key questions arise: Would lifting the 2035 internal combustion engine ban meaningfully alter the outlook? Is electrification still driven primarily by climate objectives, or has it become decoupled from them? And to what extent are considerations such as energy security influencing policy and consumer choices? After extensive stakeholder consultations ERCST will publish a paper focusing on regulatory aspects in the area of climate change. The paper will not attempt to determine the contribution of climate change regulation to the current situation, but rather to put forward new ideas on how climate change objectives can be better achieved focusing on policy options to meet climate change objectives.

6. Carbon Management

a. European Commission's CO₂ Transport Package: Implications for EU Climate Policy



The European Commission has initiated the preparatory process for the upcoming CO₂ transport and storage infrastructure legislation. The Package is central to enabling an integrated and competitive EU market for CO₂, supporting the scale-up of industrial carbon management solutions including CCS, CCU, and CDR. In line with the Industrial Carbon Management Strategy, the EU must deploy significant CO₂ transport infrastructure to connect capture sites with storage or utilisation locations. This will require a coordinated approach across borders, greater regulatory clarity, and strong investment signals. The Net Zero Industry Act reinforces this ambition by establishing an EU market for CO₂ storage services and setting a legally binding target of 50 million tonnes of annual CO₂ injection capacity by 2030.

This ERCST initiative, which will involve discussions with a broad range of stakeholders, will lead to a policy paper that includes analysis of the key design elements of the forthcoming CO₂ Transport Package, the governance and regulatory framework needed to ensure cross-border interoperability, the investment and financing conditions required to accelerate deployment, and the implications for industrial competitiveness and the EU's 2040 climate architecture. It will also identify outstanding policy gaps and propose recommendations to support a coherent, efficient, and scalable CO₂ transport and storage system across the Union.



7. Other Projects

ERCST carries out projects for a breadth of clients from the public and private sector, providing original ideas and research into European and international climate change policy. ERCST has implemented projects and advised governments on global carbon pricing initiatives including Emission Trading Systems (ETSSs), the economic impacts of the EU Carbon Border Adjustment Mechanism (CBAM) on third countries, the link between trade and climate change, the European Green Deal, and Article 6 of the Paris Agreement, to name a few topics.



Annex I: Events held in 2025

Jan	Focus Group: Green Claims Directive (GCD) trilogues – How does the GCD connect with voluntary carbon markets?
Jan	Launch – Unlocking CO2 storage opportunities outside the EU – Policy Challenges and Business Prospects
Jan	2nd Stakeholders and Member States Consultation – Implementation and transposition of hydrogen regulations in the EU Member States
Feb	Stakeholder Roundtable – Future of Emissions Trading in the EU: Price Signal and Competitiveness
Feb	Launch Event – Omnibus regulation on CSRD and CSDDD
Feb	Focus Group: Bioenergy with Carbon Capture and Storage – Balancing land use and CDR potential
Feb	Expert consultation: Solutions for exports of EU CBAM covered goods
Mar	Public Debate - A debate on flexibility in the EU's transportation decarbonisation policies
Mar	Stakeholder consultation – 2025 State of the EU ETS Report
Mar	Stakeholder consultation - Green Claims Directive (GCD) trilogues – How does the GCD connect with voluntary carbon markets?
Mar	Launch event - Implementation and transposition of hydrogen regulations in the EU Member States
Mar	Focus Group - Circular Carbon Economy: CO2 as a valuable resource
Mar	Launch event - Solutions for exports of EU CBAM covered goods
Mar	Launch event - Future of Emissions Trading in the EU: Price Signal and Competitiveness
Apr	Expert consultation – Extension of the CBAM scope
Apr	Stakeholder consultation – Advancing BECCS in the EU: A policy Perspective
May	Stakeholder Consultation – Leveraging CO2 in the Circular Carbon Economy



May	Stakeholder Roundtable – Future of Emissions Trading in the EU: Carbon Dioxide Removals (CDRs)
May	Launch event – 2025 State of the EU ETS
June	Bioenergy with carbon capture and storage in the EU – Challenges and Opportunities
June	Launch event – Extension of the CBAM scope
June	European Hydrogen Bank – Second Auction and Next steps
June	Launch event – Future of Emissions Trading in the EU – CDRs
July	2040 Climate Target: EU's Climate Turning Point?
July	Omnibus Simplification Package: CSRD, CSDDD – Where do we stand?
Aug	
Sep	Stakeholder Roundtable – Future of Emissions Trading in the EU: Agriculture ETS
Sep	Focus Group: Bridging the CDR Funding Gap: design options and policy choices
Sep	Expert Consultation: EU CBAM Implementation Challenges
Sep	Macro-Economic Implications of the 2040 EU Climate Change Target
Sep	Cracking the dilemma of international carbon credits in the EU 2040 Target: can EU's climate action turn geopolitical without losing domestic integrity?
Sep	Low Carbon Hydrogen Delegated Act: A turning point for the hydrogen market ramp-up?
Sep	Debate – Review of the EU CO2 Emissions Performance Standards for New Cars and Vans
Oct	Public Debate – Flexibility in the EU's Road Transport Decarbonisation Policy: Electrification and Sustainable Fuels
Oct	Launch event – Future of Emissions Trading in the EU: Agriculture ETS
Oct	Stakeholder consultation - Bridging the CDR Funding Gap: design options and policy choices
Oct	Stakeholder consultation – Towards a comprehensive hydrogen infrastructure – assessing progress and addressing gaps
Oct	Stakeholder Roundtable – Future of Emissions Trading in the EU: ETS – CBAM Strawman



Oct	Launch event: EU CBAM Circumvention risks and Resource Shuffling
Oct	ERCST & Veyt – 2026 Review of the EU ETS & MSR: Whitepaper launch event
Oct	International Townhall - EU CBAM Circumvention risks and Resource Shuffling
Nov	Omnibus Simplification Packages - Preparing for Trilogues
Nov	Paper Launch – Bridging the CDR Funding Gap: design options and policy choices
Dec	Carbon Leakage under CBAM and free allocation – Stakeholder consultation
Dec	Launch event – EU ETS CBAM Strawman Report
Dec	Launch event - Towards a comprehensive hydrogen infrastructure – assessing progress and addressing gaps
Dec	Discussion – Public consultation on CO2 Markets and Infrastructure



Annex II: Publications released in 2025

Feb	Reflection Note – Road transport decarbonisation: innovative policy approaches for competitiveness and investment
Feb	Omnibus Simplification Package: CSRD and CSDDD
Mar	Policy Brief: Commission's Communication on 'The Clean Industrial Deal: a joint roadmap for competitiveness and decarbonisation'
Mar	Policy Brief: Implementation and transposition of hydrogen regulation in the EU Member States
Mar	Solutions for exports of CBAM-covered goods
Mar	Future of Emissions Trading in the EU: Price signal and competitiveness
Apr	Policy Tracker: Clean Industrial Deal - Flagship Actions
Apr	ERCST Feedback to the EU Commission public Consultation on CISAF
May	International credits in EU CC policy
May	2025 State of EU ETS Report
June	Policy Brief: Bioenergy with Carbon Capture and Storage in the EU – Challenges and Opportunities
June	ERCST Comment – EU NDC: A critical moment for climate change policy and the economic future of the EU
June	ERCST Reflection Note – Aligning policy ambitions: assessing the Omnibus regulation against the Antwerp Declaration and the Clean Industrial Deal
June	Extension of the CBAM scope
June	ERCST Feedback to the Commission public consultation on the IDAA
June	ERCST & IMPULS – Effectivity and risks of instruments implemented alongside the EU ETS
June	Future of Emissions Trading in the EU: Carbon Dioxide Removals
July	ERCST Reflection Note – EU 2040 Climate Change Policy: what is to be done
July	ERCST Response to the EC public consultation on the EU ETS and the MSR
Sept	ERCST Reflection Note: European Hydrogen Bank – Second Auction and Next Steps
Sept	ERCST Reflection Note: Omnibus Simplification Package – where do we stand?
Sept	ERCST Feedback to the European Commission on the 2040 Climate Target
Oct	ERCST Feedback to the revision of the CO2 Emissions Standards for Cars



	and Vans
Oct	Future of Emissions Trading in the EU: Agriculture ETS
Oct	The EU CBAM in practice: the danger of resource shuffling
Oct	ERCST Reflection Note – Low Carbon Hydrogen Delegated Act: a turning point for hydrogen infrastructure?
Nov	Bridging the CDR Funding Gap: policy options and design choices
Dec	Future of Emissions Trading in the EU: EU ETS – CBAM Strawman
Dec	Towards a comprehensive hydrogen infrastructure: assessing progress and addressing gaps
Dec	2040 Climate Target – ERCST’s Reaction to recent developments