To: European Commission, European Parliament, Council of the European Union and European Council

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Subject
Preserve the integrity and credibility of the EU ETS

Joint letter by European advisory bodies on climate change, environment and sustainable development

Dear President Von der Leyen, Commissioner Hoekstra, President Metsola, current and incoming presidency of the Council of the EU, President Costa,

We, advisory bodies on climate change, environment, and sustainable development from the Netherlands, Denmark, Finland, Germany, Sweden, Ireland, Portugal, Iceland and Hungary, call upon you to make every effort to preserve the integrity and credibility of the EU ETS, in line with the European Climate Law and the Paris Agreement, and in the interest of a competitive and sustainable European industry, reaffirming the EU's role as a global climate leader.

Science has clearly indicated that human-made climate change is real and its impacts are worsening across the globe.[1] Not acting quickly, decisively, predictably, and consistently to reduce emissions in Europe and beyond leads to human suffering and irreparable environmental damage. The societal costs will disproportionally fall on youth and on future generations. These impacts underscore the importance of the Paris Agreement's aim of limiting global warming to well below 2°C and striving for limiting it to 1.5°C.

In this light, it is **critical that the EU makes its fair contribution** towards meeting these targets. If the EU fails to achieve its current climate protection targets, our credibility as a global leader in market-based carbon pricing and our ability to encourage climate action elsewhere will be seriously weakened. Without ambitious European climate policy, the well-being of current and future generations across the globe, as well as the security and resilience of our societies, is under threat. The EU's dedication to an effective climate policy mix brought its 2030 targets for emission reduction in sight while stimulating a green and innovative economy. This path should be maintained and strengthened towards 2040 and beyond.

The EU ETS is the cornerstone of this climate policy mix. **It is crucial to achieving the climate neutrality target set by the European Climate Law.** The EU ETS has been essential in helping to almost halve emissions from European power and industrial plants.[2] Its scope was set to mitigate emissions in industry, power generation, aviation and maritime transport, and it will expand to road transport and buildings through a separate system known as ETS 2. Research shows that the EU ETS has regulated emissions and guided innovation.[3]

[1] https://climate.copernicus.eu/global-climate-highlights-2025
[2] https://climate.ec.europa.eu/eu-action/carbon-markets/about-eu-ets_en
[3] See amongst others Dechezleprêtre, A. (2023). https://doi.org/10.1016/j.jeem.2022.102758 and Colmer, J. et al. (2025). https://doi.org/10.1093/restud/rdae055

The EU ETS has been introduced in a step-by-step approach since 2005, considering carefully the needs of different industrial branches. It has responded flexibly to global developments without compromising on its environmental integrity, and revisions have consistently strengthened the system. After two decades of experience with the EU ETS and with the Carbon Border Adjustment Mechanism (CBAM) and ETS 2 now becoming operational, European climate policy serves as a global role model. **A robust EU ETS and a path towards its further improvement will stimulate the sustainable investments needed to safeguard European competitiveness and ensure EU climate leadership.**

Yet ahead of this year's review, there are calls to suspend or weaken the EU ETS as energy prices rise and concerns about European industries mount. Giving in to these calls will have several negative effects, predominantly:

1) Suspension or weakening undermines the credibility of the ambition to achieve climate neutrality, stalling necessary emission reduction.
2) Suspension or weakening disadvantages companies that have invested in decarbonisation and rewards laggards. The result is further delaying of necessary investments in clean industry and domestic energy.
3) While suspension or weakening might temporarily suppress allowance prices, it could cause prices to spike later. Such instability could lead to repeated interventions putting the brake on carbon prices, fuelling a vicious cycle that undermines market credibility.[4]
4) Impeding the EU ETS's emissions-reduction pathway while remaining aligned with the EU 2040 and 2050 climate targets implies that national climate policies and other EU regulatory requirements need to be substantially strengthened. This increases pressure on national governments and could lead to an unlevel playing field, which the EU ETS was designed to resolve.
5) Weakening ETS1 and delaying ETS2 prolongs European dependence on fossil fuels and leaves Europe more vulnerable to future energy crises. Transitioning away from fossil fuels strengthens economic resilience and energy security.
6) Suspension or weakening reduces the EU's credibility as a global leader in climate change mitigation, negatively impacting global climate change mitigation efforts.

Multiple member states[5], as well as over 150 companies and investors[6], have reaffirmed their collective commitment to the EU's decarbonisation ambitions and a robust and predictable EU ETS. **Now more than ever, industry needs unambiguous, stable policy direction to invest in sustainable industrial processes and commit to business models that put long-term resilience first.**

[4] Pahle, M. et al. (2022). https://doi.org/10.1038/s41560-022-00984-0
[5] Denmark, Finland, Luxemburg, the Netherlands, Portugal, Spain, Slovenia and Sweden
[6] https://www.cleantechforeurope.com/policy/open-letter---european-industry-needs-the-predictability-of-a-robust-ets-to-compete-and-invest and https://cdn.sanity.io/files/cn1b8y3c/production/90a86f124ff10901a6760e3ae243fe6391e8e5fe.pdf

Signatories

The Netherlands Scientific Climate Council (WKR)
Danish Council on Climate Change
German Advisory Council on the Environment (SRU)
Finnish Climate Change Panel
Finnish Expert Panel for Sustainable Development
German Advisory Council on Global Change (WBGU)
Swedish Climate Policy Council
Council for the Environment and Infrastructure (Rli, the Netherlands)
Climate Change Advisory Council (Ireland)
National Council for the Environment and Sustainable Development (Portugal)
Icelandic Climate Council
Gábor Bartus on behalf of the Hungarian Council for Sustainable Development (NFFT)



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