

European Commission

26. november 2020

The Danish Chamber of Commerce's response to roadmap regarding updating the EU emissions trading system

The Danish Chamber of Commerce thanks the Commission for the opportunity of responding to roadmap regarding updating the EU emissions trading system (ETS).

The Danish Chamber of Commerce strongly supports the proposal to strengthen the ETS. We believe action at the EU and international level is indispensable to reduce the exacerbating ramifications of the climate crisis. The Danish Chamber of Commerce regards the Paris Agreement and complementary policies as essential to reach the ambitious climate targets.

We want to stress the importance of high climate ambitions being shared throughout all the EU and want to praise and support any complementary policies recognizing climate dumping and carbon leakage as a significant threat to not only Danish businesses and society, but also EU. Shared ambitions will result in stronger competitiveness of the European market and lower costs in the green transition. We believe that shared ambitions are the essence of a just transition necessary to reach the climate targets. Furthermore, the Danish Chamber of Commerce agrees that a shared effort and contribution within all sectors is necessary to reach the 2030 and 2050 targets.

We want to ensure effective protection of carbon leakage. We believe this is essential to the expansion of the ETS. It is also important to incentivize investing in low carbon and green technology. ETS must provide a stable and credible price signal, which MSR attempts to give. Moreover, other methods should be considered to provide a clearer and more credible long-term price signal – for example, a carbon price floor.

The Danish Chamber of Commerce agrees with the EU objectives for updating the ETS and expanding it to additional sectors. We support an expansion of the ETS to include emissions originating from road transport, fossil fuel combustion, maritime sector, buildings, and waste incineration. These types of emitters play an enormous role in the climate crisis and have a great responsibility to decrease emissions. This will provide a more level playing field and make sure that all sectors contribute to the green transition, so the EU can decarbonize without losing industries to other countries due to carbon leakage.

Furthermore, the Danish Chamber of Commerce agrees with a one-off reduction cap putting the 2030 target closer to the actual emissions level and interaction with MSR. However, we want to emphasize the importance of analyzing the economic and financial effects for businesses. We also

believe it is vital to improve support for low-carbon and carbon removal investment and innovation. This support is needed to overcome any financial burdens or difficulties some businesses may have in their green transition as well as furthering investments and innovation in clean energy, technology, and infrastructure. For example, carbon capture storage should reach purchasable quotas – this will promote a market-based development of green technologies.

Shared efforts will create a comfortable and secure environment for companies to indulge in sustainable investments. This will yield higher energy security and greater competitiveness of European businesses.

The Danish Chamber of Commerce believes it is important to consider the COVID-19 crisis and the negative economic consequences. We hope the answer to COVID-19 and subsequent economic crisis will include an emphasis on a green recovery.

Kind regards,

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