

Future of the EU ETS: ETS Coverage Launch Event

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by


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In our [More than a Manifesto](#), we detail how we can contribute to the crucial and ambitious objectives of the EU, namely:

 Climate neutrality by 2050 in the EU - for the planet

 A secure supply of energy and a resilient EU - for the EU economy

 An innovative, EU-based, globally competitive industry and the protection of everybody's welfare – for citizens

MORE THAN A MANIFESTO



AN OFFER FOR EUROPE

We, European Fuel Manufacturers, offer the EU, its citizens, and businesses sustainable, affordable, and reliable liquid fuels, and products for industry.

The right EU policy framework will enable us to make a significant contribution and investment to help the EU successfully deliver climate neutrality by 2050, ensure a secure supply of energy, and foster innovative, EU-based, globally competitive industry.

Future of the EU ETS coverage: key principles

- Fundamental objective: promote reduction of emissions in a **cost-effective and economically efficient manner**

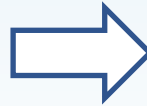


Article 1

Subject matter

This Directive establishes a scheme for greenhouse gas emission allowance trading within the Community (hereinafter referred to as the 'Community scheme') in order to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner.

- **Careful assessment for any extension**
 - **Impact on competitiveness**
 - **Risk of carbon leakage**



Carbon leakage protection for trade exposed sectors: business case to drive decarbonisation

- **How to promote emission reductions in any new sector**



EU ETS vs. command and control vs. mix of policies

Future of the EU ETS: Sectoral scope

- Sector-specific instrument / sector-specific cap for all transport modes?

May be impact-assessed in its own merit



- ETS 2: possible mismatch EU cap vs. total demand



Potential mismatch between EU-wide cap of allowances and total demand



Source: Calculations of Commission services

Future of the EU ETS: Negative emissions

Current cap trajectory to zero in 2039 > Residual emissions?

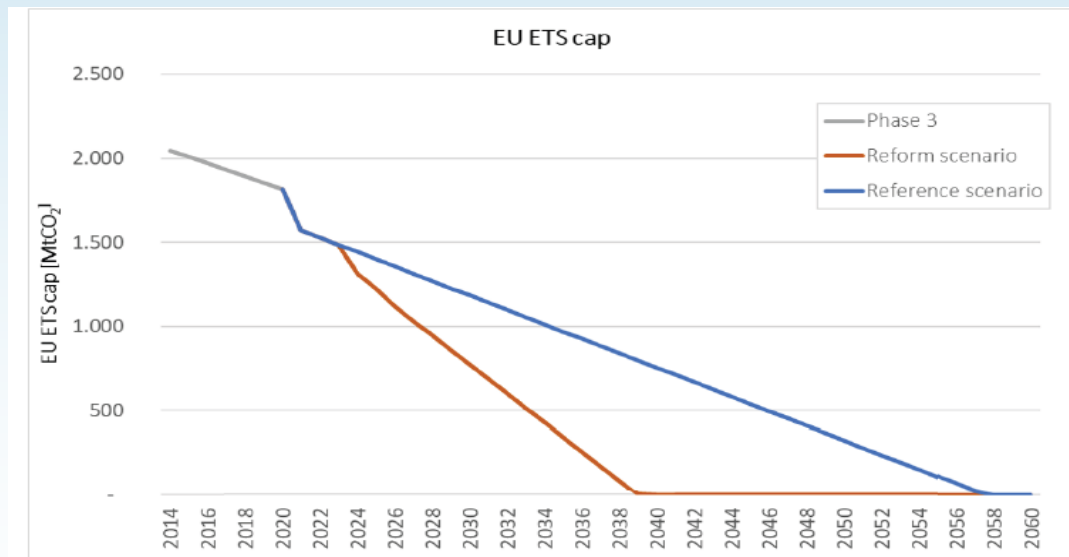


Figure 1: Cap in Reform scenario (adjusted to sectoral scope of LIMES-EU)

Pahle M., Günther C., Osorio Simon S., Quemin S., *The Emerging Endgame: The EU ETS on the Road Towards Climate Neutrality*, Feb 2023.

Thank you for your attention

www.fuelseurope.eu

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