



- Press release -

## **The EU ETS remains the most cost-effective tool to achieve the 2040 emissions reduction target**

Brussels, 4 July 2025 | Europex takes note of the Commission's proposal to set a single, binding climate target of reducing greenhouse gas emissions by 90% by 2040 compared to 1990 level, supported by a comprehensive enabling framework. This long-term commitment confirms the EU's continued trajectory towards climate neutrality by 2050 and provides important investment clarity for the pathway to 2040.

The proposals published this week underline the common understanding that carbon markets can and should drive climate action at least cost. To reach the targets set in the Paris Agreement, international cooperation and the scaling of international carbon markets will be crucial. We thus welcome the announced impact assessment on a cautious approach to the use of high-quality credits under Article 6 of the Paris Agreement. At the same time, the EU should actively pursue linking the EU ETS with other mature systems, like the UK ETS. This would provide immediate advantages in terms of price discovery, liquidity and European industrial competitiveness.

As the EU prepares its post-2030 framework, the EU ETS must remain at the heart of decarbonisation policy. Strong market principles, transparent and undistorted carbon pricing, liquidity and integrity are essential to ensure continued investor confidence and cost-efficient reductions in emissions. Europex reiterates its support for the gradual and structured integration of additional sectors into a single ETS. A unified market with broad sectoral coverage would deliver deeper liquidity improved market efficiency and stronger price signals. We therefore welcome the European Commission's early signalling of the intention to integrate domestic carbon removals in the EU ETS. The inclusion of carbon removals in the EU ETS could help create a market signal for investment and innovation in these technologies, provided robust accounting rules and high-integrity standards are in place to ensure a high level of trust in the existing well-functioning EU ETS markets.

The announced review of the ETS Directive in 2026 presents a vital opportunity to future-proof the system. As Europe moves towards greater climate ambition, it will be essential to provide regulatory certainty, clear timelines and a stable investment environment. Europex is committed to supporting the development of the EU ETS as a reliable, efficient tool to reduce carbon emissions at least cost.

## About

Europex is a not-for-profit association of European energy exchanges with 37 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

## Contact

Europex – Association of European Energy Exchanges

Address: Rue Archimède 44, 1000 Brussels, Belgium

Phone: +32 2 512 34 10

Website: [www.europex.org](http://www.europex.org)

Email: [secretariat@europex.org](mailto:secretariat@europex.org)

X: @Europex\_energy

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