



EU climate law – achieving climate neutrality by 2050

The Confederation of Swedish Enterprise (Svenskt Näringsliv) is Sweden's largest business federation, representing 50 member organisations and 60,000 member companies.

The Confederation of Swedish Enterprise fully supports the goal of reaching climate neutrality by 2050 and believes that it is essential that the EU remains at the forefront of this fight. The European Commission has announced that it will put forward its proposal for a climate law in March 2020. The Confederation of Swedish Enterprise would like to submit the following feedback in advance of this proposal.

For the EU to stay at the forefront of global climate action, it must ensure that not only do emissions decrease and reach net zero by 2050 but also that Europe's businesses and societies continue to grow. Only by proving that it is possible to combine lower emissions with economic growth will the EU truly provide a role model capable of inspiring the rest of the world to follow.

By creating the correct conditions for business to develop and invest in low-carbon solutions, the EU can both reduce its own emissions as well as export solutions for reducing emissions globally. In addition, EU climate policy must ensure a competitive business sector and prevent carbon leakage. It is unacceptable for the EU to lower its emissions by moving industries, jobs and companies to other parts of the world. Not only would this prove an ineffective global climate policy, it would also serve as an example of how not to address climate change. A successful battle against climate change will be fought by ensuring that a competitive business sector capable of providing climate solutions globally is at its core.

In its roadmap, the Commission notes that "the initiative could set the principle of having intermediate targets", and that it may propose to amend the climate law at a later stage. However, for businesses and companies it is important to emphasise that legal predictability is essential; rules need to be clear and those that follow them should be rewarded. If the rules, incentives or targets are changed or are unpredictable it puts investments at risk.

Another consideration should be that emission reductions on EU level are unlikely to be linear between now and 2050. Furthermore, the path to climate neutrality will feature both incremental measures (e.g. greater energy efficiency) as well as technological breakthroughs and advances (e.g. new industrial processes) and measures for negative emissions. Investment in research and innovation is essential to reach these much-needed technological breakthroughs. All these aspects need to be taken into consideration when developing climate policy.

The Commission further states that it aims to ensure that "all policies" work towards the 2050 climate-neutrality goal. While this is a laudable ambition, it raises questions regarding what it would mean in practice. What may be preferable is a more streamlined approach, where only relevant policies are targeted and reviewed to ensure that they do not hinder the EU's efforts to reach climate neutrality by 2050. The EU must act as a positive example on how potentially conflicting objectives can be balanced and show that sustainable development requires a cohesive approach to different societal challenges.



Ensuring harmonised implementation will, as always, be essential. Any lack of harmonisation will undermine efforts to reach climate neutrality. Furthermore, harmonised implementation will be key in ensuring a level playing field between Member States. Failure to do so will reward those Member States and companies that fail to put in the required effort and punish those that do choose to abide by the rules. This makes it essential that any rules and targets agreed are applied and enforced by all Member States. Implementation and compliance must be continuously followed up and monitored.

In general, detailed and technology-specific regulation should be avoided to allow for flexible and cost-effective implementation of legislation that encourages and enables innovation. In addition, a comprehensive approach to the legislative work ensures consistency and avoids suboptimal solutions.

Cost-effectiveness and fairness must be at the centre of EU climate policy; the common efforts need to be shared by all Member States and sectors. To place an even higher burden on those who already carrying a greater share of the efforts to fight climate change is not an efficient solution. EU climate policy must strive to ensure the highest possible emission reductions at the lowest possible cost while at the same time securing competitiveness.

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