

EFB supports the reform of the European Union Emissions Trading System (ETS).

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European Family Businesses is following the current discussions on the reform of the European Union Emissions Trading System (ETS) with great interest. From the perspective of family businesses in Europe, the EU ETS remains the key market-based instrument for achieving climate targets cost-effectively. Its effectiveness and political acceptance are therefore of paramount importance.

Against this backdrop, we are concerned that the current debates – both within parts of the business community and across the political spectrum – are increasingly threatening to descend into a fundamental questioning of the system. Such a development would significantly undermine the planning certainty that businesses need and weaken the credibility of European climate policy as a whole.

That is precisely why we would like to reiterate our fundamental support: a functioning and credible ETS is indispensable. At the same time, it is crucial to design the reform in such a way that it remains economically viable for businesses and citizens and does not cause any distortions.

In our view, the following aspects are particularly important in this regard:

Firstly, the ETS should remain strictly market-based. Short-term political intervention in price formation undermines market participants' confidence and, consequently, the system's credibility. Stability and predictability are essential prerequisites for investment in climate-friendly technologies.

Secondly, support for a comprehensive ETS will only increase significantly if the EU makes a much stronger commitment than it has done so far to phasing out piecemeal bans and subsidy schemes at both the European and Member State level. Both undermine the ETS's effectiveness and send mixed signals.

Thirdly, we regard the proposed reforms as necessary, as they will ease the burden on the economy without compromising climate protection. Both the relaxation of the Market Stability reserve requirements and the crediting of allowances from third countries are necessary and make good economic and environmental sense.

Furthermore, free allocation must be maintained and must under no circumstances be restricted, given the multi-layered pressures faced by industrial SMEs and Mid Caps.

As a cornerstone of the growth model, family-run businesses wish to continue operating competitively in Europe whilst pursuing a reliable, realistic, predictable, and financially viable path to reducing emissions. A reform of the ETS that is sensible and aligned with the latest scientific findings offers every opportunity to achieve this, and we give our full support to this endeavour.

To get more information about the political mission of European family Businesses please visit: our Website <https://www.europeanfamilybusinesses.eu> or follow our social media presence via LinkedIn and X.

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