

Wopke Hoekstra,
European Commissioner for Climate Action
European Commission,
Rue de la Loi / Wetstraat 200,
1049 Brussels, Belgium

Brussels, 30 January 2024

Subject: **Striking a sustainable balance: Making the EU 2040 climate targets economically viable**

Dear Commissioner Hoekstra,

I would like to express the perspective of Eurochambres, the European Association of Chambers of Commerce and Industry, on the proposed EU 2040 Climate Target and the pivotal role of industrial carbon management in achieving these objectives.

As the voice of the chamber network and the broader business community, Eurochambres acknowledges the EU's ambition for climate neutrality by 2050. We understand the European Commission's perspective that setting interim targets for 2040 is a crucial strategy in attaining this long-term objective. Our network's commitment is anchored in fostering a business environment that balances economic growth with sustainable practices. However, our primary concern relates to excessive regulations impacting European businesses and the prospect of further regulatory requirements, which undermine our call for balance. It is imperative for policymakers to ensure that future regulations do not further weaken Europe's global competitiveness.

In particular, we wish to emphasise the critical importance of carbon capture, utilization, and storage (CCUS) technologies. CCUS represents a key element in the transition to a low-carbon economy, especially for industries where emissions are hard to abate. We advocate for a policy framework that supports the development and deployment of these technologies, including necessary infrastructure for CO₂ transport and storage.

Eurochambres urges the European Commission to factor the following points into its approach:

Realism in policy design: It is vital that the EU's climate policies are grounded in realism. This means acknowledging the current state of technology, the economic implications of rapid transitions, and the global competitive landscape in which European businesses operate. Policies must not only incentivise but also practically support businesses in making the necessary transitions.

Competitiveness and investment: As alluded to above, we call for a renewed focus on maintaining and enhancing the global competitiveness of European industries. The transition to a low-carbon economy requires immense investment. This will only be feasible if businesses operate in an environment that promotes growth and stability. Policies must, therefore, prioritise economic sustainability alongside environmental sustainability.

Industrial carbon management and CCUS: The critical role of carbon management, particularly CCUS technologies, in our transition to a climate-neutral economy by 2050 is undeniable. Implementing these technologies, however, presents a range of challenges – from technological advancements to infrastructure development – that necessitate comprehensive and coherent policy responses. A unified European approach is paramount to establish a robust market for industrial carbon management, acting as a cornerstone for achieving our climate goals. This approach demands more ambitious, yet well-coordinated policies at both national and EU levels, supported by strategic infrastructure planning and strong collaboration between the EU, national governments, and the business sector.

We advocate for a concerted effort to drive forward the large-scale deployment of carbon value chains in Europe, supported by a harmonised infrastructure for CO2 transport and storage across member states. Such infrastructure is vital not only for fair competition, but also for effective carbon emission management. To foster this, we need uniform European standards for CCUS operation, ensuring safety, efficiency, and seamless cross-border operations. Additionally, the successful implementation of CCUS is contingent upon significant financial support. Synergy between financial incentives, and technology-neutral funding programmes is essential to cultivate a viable CCUS market in Europe, enabling industries, especially those facing challenges in reducing emissions, to confidently invest in carbon management solutions. Furthermore, it is important to improve small and medium-sized enterprises' access to EU funding to support the development of a cross-border CO2 network, for example via IPCEIs (Important Projects of Common European Interest), where they are currently underrepresented.

While designing the regulatory framework for CCUS, it is crucial that the European Commission strikes a balance to avoid over-regulation, ensuring that businesses can viably integrate CCUS into their operations. Moreover, in many EU member states, the capture and storage of CO2 needs broader recognition by governments and civil society as legitimate and necessary decarbonisation methods. Fostering public understanding and support through factual and positive communication is thus key to the success and acceptance of CCUS technologies.

Sector-specific strategies: The impact of climate policies varies significantly across sectors. We recommend a more nuanced, sector-specific approach in policy design to ensure that all sectors can contribute to climate goals without disproportionate economic burdens.

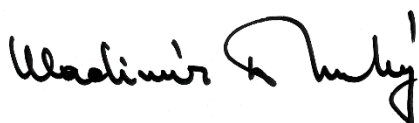
Global policy alignment: The EU must also consider the international dimension of its climate policies. Measures to address carbon leakage and to ensure a level playing field in the international market are essential to prevent undue competitive disadvantage to European businesses and to help drive an effective response to the global challenge of climate change across the world economy.

Public engagement and education: Achieving the 2040 climate targets will be extremely difficult without broad public support. We emphasise the need for clear, transparent communication strategies that accurately convey the challenges and opportunities of the green transition. Climate policies must be designed in a business-friendly manner, spurring significant investments in green technologies and boosting global competitiveness, while systematically avoiding any negative consequences.

Eurochambres sees the reconciliation of climate policy with economic growth and competitiveness as an issue of paramount importance. We are committed to collaborating with the EU institutions and other stakeholders to identify critical bottlenecks on the road to climate neutrality. We are confident that a balanced approach, embracing both environmental goals and economic realities, is essential for steering Europe towards a sustainable future.

Thank you for considering our stance. We look forward to a constructive and ongoing dialogue on this critical matter.

Yours, sincerely,



Vladimír Dlouhý