



9 July 2026
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Prime Minister's Office

Minister for EU Affairs
Jessica Rosencrantz

Minister of State
Thomas Byrne

Dear Minister Byrne,

Let me first and foremost congratulate Ireland on assuming the Presidency of the Council and wish you the best of luck in this endeavour. Sweden stands ready to support you in any way we can.

We would like to draw your attention to a key priority for Sweden, namely the upcoming review of the EU ETS, and share with you our position which we will firmly advocate for in the upcoming negotiations.

First of all, predictability is key for competitiveness, in particular for sectors facing major investment decisions and long investment cycles. Therefore, the EU ETS should remain a cornerstone of EU's climate policy. Businesses need clear signals of a continued and increasingly ambitious EU ETS to be able to contribute to EU's long term climate targets. This includes a stable trajectory for carbon pricing and long-term predictability with regards to the pace of domestic emission reductions.

Maintaining a sufficiently ambitious linear reduction factor remains the single most critical element for preserving investment incentives for industrial transition. Therefore, the current emission reduction rate of 4.4 percent should remain broadly unchanged, at least into the early 2030s. This would help to maintain adequate investment incentives for industrial transition, while also alleviating the burden on the non-trading sector and the highly uncertain LULUCF.

As regards the scope of EU ETS, Sweden strongly supports the inclusion of waste incineration, in order to achieve objectives within climate policy, market efficiency and circular economy. It would ensure that emissions from the combustion of fossil-based plastics are accounted for and priced, while also promoting a level playing field between Member States and between sectors. This step is urgent given that emissions from district heating will be included in ETS 2 from 2028.

In addition, we consider it appropriate to include ships of 400 gross tonnage and above. These vessels are currently not covered by either EU or IMO climate instruments. Their inclusion is necessary to ensure a level playing field

within the maritime sector. At the same time, it is important not to impose a disproportionate administrative burden on operators of smaller vessels.

As regards permanent carbon removals, it is important to establish robust and forward-looking incentives beyond 2030. We advocate for a dedicated procurement mechanism to be introduced, financed through EU ETS revenues to facilitate a scale-up of bio-CCS, drive cost reductions, and ensure the delivery of high-quality, verifiable removals.

Sweden will continue to be a strong advocate for high climate ambitions and for putting competitiveness at the heart of EU policy-making. I would like to underline that our general position on the EU ETS is supported by a broad cross-section of the Swedish business community. There is a shared and consistent view that the EU ETS should remain a central climate policy instrument, underpinned by predictable and long-term regulatory conditions. Importantly, companies and sectors that have made major investments in line with the current framework, should not be placed at a competitive disadvantage. On the contrary, they should be given more incentives for continuing and expanding their transitions.

The Irish Presidency can count on Sweden to act constructively in the upcoming negotiations, with a view to safeguarding the integrity of the EU ETS and its role as engine for innovation, the green transition and competitiveness. We remain at your disposal should you require any further information or clarification.

Jessica Rosencrantz
Minister for EU Affairs