

To:

President of the European Commission Ursula von der Leyen
President of the European Council Antonio Costa
Climate, Energy And Utilities Minister of Denmark, Lars Aagaard
Minister for the Environment of Denmark, Magnus Heunicke
Minister for Green Transition of Denmark, Jeppe Bruus
Executive Vice-President for Clean, Just and Competitive Transition Teresa Ribera
European Commissioner for Trade and Economic Security Maroš Šefčovič
European Commissioner for Energy and Housing Dan Jørgensen
European Commissioner for Climate, Net Zero and Clear Growth Wopke Hoekstra
Chair of the Delegation to the EU-UK Parliamentary Partnership Assembly Sandro Gozi

10 July 2025

The signatories of this letter welcome the outcome of the EU-UK Summit held on 19 May 2025, which sets the foundations of a much-needed closer relationship between the two regions, in a context of highly uncertain and volatile international markets.

We strongly support the decision to ‘*work toward*’ linking the respective Emissions Trading System (ETs) which will bring substantial mutual benefits, increasing market liquidity and reducing trade frictions, by creating ‘*the conditions for goods originating in our jurisdictions to benefit from mutual exemptions from the respective European Union and United Kingdom Carbon Border Adjustment Mechanisms*’ (para 37 of the ‘*Common Understanding*’).

The ETS linkage will ensure a level playing field between the EU and UK and is an essential step to mutually benefit from a larger ETS market in order to avoid trade frictions from the Carbon Border Adjustment Mechanisms (CBAMs)¹ and achieve efficient electricity trading between the highly interconnected EU and UK power system. In addition, ETs linking could also enable further energy market integration between the two regions, ensuring the most cost-efficient emissions reduction opportunities are used across the UK and EU, generating further collective cost savings.

An enhanced EU-UK energy and climate cooperation is a key enabler for European industry competitiveness, unlocking the ‘clean power’ potential of the North Seas and providing affordable and secure energy across Europe.

Therefore, **we urge the European Commission to take the necessary steps to start the formal ETS linkage negotiations as soon as possible** and to aim at concluding them in time to avoid the EU CBAM application in 2026.

To provide market certainty and avoid unnecessary costs, **we also recommend that a temporary mutual disapplication of the respective CBAMs is considered by the end of 2025 while the negotiations are ongoing. This would avoid potential trade distortions** and give a strong positive signal to the markets in both regions whilst exhibiting joint global climate leadership at COP 30.

The industry stands ready to cooperate with the European Commission and the UK Government to support a continued cooperation and advance the shared interests of our two regions.



¹ [The shared benefits of an UK–EU carbon market link | Frontier Economics](#)