

*To the attention of:*

President of the European Commission Ursula von der Leyen

President of the European Council Antonio Costa

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 Action Wopke Hoekstra

Chair of the EU-UK Delegation in the European Parliament Member of the European Parliament

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Mika Aaltola

United Kingdom Prime Minister Keir Starmer

United Kingdom Paymaster General and Minister for the Cabinet Office, for the Constitution and European Union Relations Nick Thomas-Symonds

United Kingdom Secretary of State for Energy Security and Net Zero Ed Miliband

United Kingdom Parliamentary Under-Secretary of State at the Department for Energy Security and Net Zero Kerry McCarthy

Minister for Agriculture, Environment, & Rural Affairs Andrew Muir

United Kingdom Secretary of State for Northern Ireland Hilary Benn

Financial Secretary to the Treasury Lord Livermore

Chair of the EU-UK Delegation at the UK Parliament Member of Parliament Marsha de Cordova

Vice-chair of the EU-UK Delegation at the UK Parliament Member of Parliament Sarah Bool

Vice-chair of the EU-UK Delegation at the UK Parliament Lord Ricketts

30 April 2025

## **Time to strengthen EU-UK cooperation by linking the EU and UK ETS**

The signatories of this letter welcome the efforts to strengthen the EU-UK cooperation which is of increased importance, given the current geopolitical context and uncertainty over global trade policy. The EU and the UK also share similar commitments and ambitions for climate neutrality and mitigating climate change, each with its own legally binding target to achieve net zero emissions by 2050. Effective and efficient international trade and co-operation between the UK and the EU is key if we are to maximise the benefits of the North Sea, ensure affordable and secure energy for European consumers and industries and deliver on net zero targets.

Today, industries across Europe are facing increasing costs and fierce global competition. Stronger EU-UK cooperation could bring substantial benefits for European consumers and industries both in terms of cost and emissions reduction. A 2024 Baringa study<sup>1</sup> shows the benefits of real and effective North Sea coordination between the UK and the EU, notably by linking the EU and UK Emission Trading Systems (ETS) and addressing trade barriers. Effective coordination would save consumers up to €44bn per year by 2040 from lower electricity costs and it would decrease emissions by circa 24% in 2040. This would bring common benefits for both the EU and the UK.

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<sup>1</sup> [Unlocking the power of UK-EU offshore wind coordination | Baringa](#)

**Linkage of the EU and UK ETS would lower costs of decarbonising, unlock market’s confidence and enable acceleration in the delivery of clean energy.** The EU and UK ETS linkage would create price convergence between the two schemes, whilst avoiding competitive distortions, preventing carbon leakage and reducing costs for both EU and UK consumers. Crucially, it would avoid the unintended negative impact of the EU Carbon Border Adjustment mechanism (CBAM) application, notably on clean electricity trading in the North Sea.

**We believe that negotiations on linking the UK and EU ETS’s should start as soon as practicable.** The UK-EU Trade and Cooperation Agreement states that the EU and UK shall “give serious consideration to linking their respective carbon pricing systems in a way that preserves the integrity of these systems and provides for the possibility to increase their effectiveness”. Given the similarities between the two Emissions Trading Systems, linking the two schemes should be technically and legally relatively straightforward.

**In conclusion, we call on the European Commission and the UK Government to use the opportunity of the 19 May high-level Summit between the EU and the UK to agree on initiating the linkage of the EU and the UK ETS and to join forces together as leaders in international climate cooperation.**

