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**BIL Swedens yttrande av direktiv 2003/87/EG om ett system för handel med utsläppsrätter för växthusgaser inom unionen samt om ändring av beslut (EU) 2015/1814 och förordning (EU) 2015/757**

BIL Sweden is the Swedish industry organization for the manufacturers and importers of cars, trucks, and buses.

BIL Sweden supports in general the EU Commissions ambition to a fast green transition with the fit for 55-package.

BIL Sweden furthermore wants to add the following comments:

- The Commission's proposal on the reform of the ETS has a lot of potential but is also in need of improvements in some key aspects. Specifically, the increase in ambition is not met by sufficient flexibility for companies, relating both to the free allocation of allowances and the rules governing Market Stability Reserve (MSR).
- According to the Commission's own estimates, the reductions in emission intensity in the sectors covered by the ETS will not be sufficient to stay in line with a declining cap (and a correspondingly lower number of freely allocated allowances). To prevent the application of the Cross-Sectoral Correction Factor (CSCF), more support for industry is needed, as well as temporary flexibility
- The ETS needs to be seen as an integrated part of the whole fit for 55-package, especially the revision of the energy taxation directive, the revision of the renewable energy directive and the AFID/AFIR directive on charging infrastructure and LNG-infrastructure.
- It is positive that the inclusion of buildings and road transport into the ETS is happening via a separate system. However, the participation in the market should be streamlined, especially for smaller fuel suppliers. It is crucial to ensure that the revenues from the new sectors are being re-invested into low-carbon solutions.

- BIL Sweden sees a large potential for both electrification and sustainable biofuels to decarbonize the road transport sector in line with the EU climate policies and targets.
- Carbon pricing for transport is a positive step in supporting the transition to electric cars and heavy trucks and buses. Revenues should be used to address uptake of zero-emission vehicles and to develop the necessary infrastructure. In addition, all energy carriers and fuels used in road transport must be decarbonized quickly to also ensure the current vehicle fleet contributes to emission reductions.
- Cutting emission of the road transport sector as whole at the necessary pace, requires a rapid deployment of zero-emission vehicles. But providing just the vehicles is not enough. In order to enable their operation, a sufficiently dense network of charging and refueling stations is indispensable to give transport operators confidence to invest in them.
- Moreover, truck business is driven by TCO (total costs of ownership). To influence the choice of the customer toward a zero-emission vehicles i.e. help close the persisting TCO-gap of zero-emission powertrains, is one of the key elements of this legislation. A broad market uptake of alternatively powered vehicles across all segments can only be expected if the carbon content of all energy carriers and CO2 emissions are priced appropriately.

In addition to above comments BIL Sweden also refers to Business Europe's comments on the proposals.

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BIL Sweden

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