

*Brussels, July 2025*

## **Business & Science Poland's Position Paper on the European Climate Law – 2040 Climate Target**

On 2 July 2025, the European Commission presented an amendment to the European Climate Law, proposing a new climate target for 2040: **a net reduction of greenhouse gas emissions by 90% compared to 1990 levels**. This proposal represents an intermediate step between the 2030 target (a reduction of at least 55%) and the goal of achieving climate neutrality by 2050. Both the Council of the EU and the European Parliament are responding to the European Commission's proposal – however, it is unclear how long it will take to develop common position. There is a possibility that the 2035 climate target under the United Nations will be adopted independently of the 2040 target and will hold a political character.

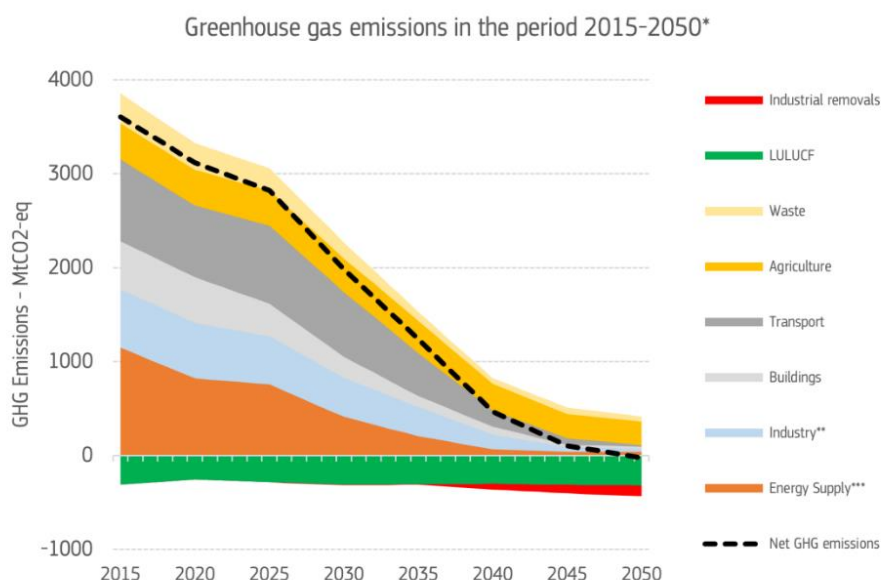
Business & Science Poland (BSP) emphasises that achieving the 2040 climate target will require **ensuring a cost-effective and technology-neutral pathway to net-zero emissions in the EU**. We present the following set of proposals, with priority given to simplifying legislation and ensuring global competitiveness. The 2030–2040 decade target should serve as the foundation for designing new or revising existing sectoral policies and ensuring flexibility from international allowances and negative emissions.

**Business & Science Poland calls for the inclusion of sectoral policies already in the regulation on the European Climate Law to ensure stability in the European Commission's approach on the path to climate neutrality.** Achieving the 2040 target will also require additional support instruments and alignment with the objectives of the Multiannual Financial Framework (MFF) beyond 2027, including the newly created European Competitiveness Fund.

Business & Science Poland emphasises that achieving the 2040 climate target will require ensuring the following key conditions:

- 1. Maintaining flexibility and realism of the climate target, taking into account the situation of individual Member States and technological neutrality.....2**
- 2. Comprehensive review of the EU ETS (including the integration of international carbon credits) and CBAM, taking into account the voice of European business .....3**
- 3. Rapid implementation of international carbon credits with transparent mechanisms and sectoral flexibility .....4**
- 4. Increased use of negative emissions technologies .....4**
- 5. Flexible approach to the agri-food sector with limited capacity to reduce carbon footprint.....5**
- 6. Comprehensive financial support for hard-to-abate sectors.....5**
- 7. Inclusion of sectoral policies in the regulation amending the European Climate Law to ensure predictability and stability of future legislation .....5**

## 8. Predictable and thoughtful decision-making process, including the priority adoption of a political 2035 target.....6



\*Source: PRIMES, GAINS, GLOBIOM

\*\*Excluding non-BECCS industrial removals

\*\*\*Including Bioenergy with carbon capture and storage (BECCS)

Source: European Commission

### 1. Maintaining flexibility and realism of the climate target, taking into account the situation of individual Member States and technological neutrality

**Business & Science Poland calls for the recognition of the starting points and energy mix specificities of individual Member States**, especially in terms of access to low-emission energy and power purchase agreements (PPAs). In 2019<sup>1</sup>, Poland raised reservations regarding the conclusions on climate neutrality for each EU Member State due to its original energy mix, which does not allow a transition to 100% low-emission sources within the next 15 years. Some investments will only become feasible with the development of new technologies closer to 2050. **Therefore, EU-wide climate neutrality should reflect different starting points and the relative effort involved in the decarbonisation process.**

Transport, industry, and agriculture remain the biggest transformational challenges – limited technology availability and high reduction costs may impact production and competitiveness. In major industrial hubs, energy self-generation can be achieved through investments in renewable energy (primarily solar and onshore wind energy, and under certain conditions, nuclear energy). Depending on the climate neutrality scenario, **5–15% of emissions reductions must come from**

<sup>1</sup> <https://www.consilium.europa.eu/media/41768/12-euco-final-conclusions-en.pdf>

**negative emissions – carbon capture and storage technology (CCS) or direct air carbon capture technology (DACC).**

**The EU now faces the dilemma of determining the pace of emissions reduction between 2030 and 2050 and approving the 2040 climate target.** The 2024 impact assessment by the European Commission outlined several scenarios leading to climate neutrality – **including a simple linear trajectory between the 2030 and 2050 targets.** Given the EU's current challenges – competitiveness issues, increased defence spending, growing regional inequalities, and declining innovation – **the European economy will need a more evenly distributed burden in the climate transition.**

---

## **2. Comprehensive review of the EU ETS (including the integration of international carbon credits) and CBAM, taking into account the voice of European business**

**Business & Science Poland proposes integrating international carbon credits into the EU ETS system. The proposed 3% limit for ITMOs (Internationally Transferred Mitigation Outcomes) is too low.** Considering previous experiences with the CDM (Clean Development Mechanism), it remains valid to pursue cost-effectiveness and reduce emissions in the most economical way. **The number of international allowances could reach 10–15% of total allowances.** This would improve EU ETS market liquidity and increase emission reductions outside the EU, where mitigation costs are lower, thus lowering the CO<sub>2</sub> price. **European Commission analysts<sup>2</sup> estimate the EU will need 140–150 million international carbon units to meet its new 2040 target** – potentially rising to 1 billion tonnes of CO<sub>2</sub> equivalent depending on calculation methods. **Business & Science Poland also notes that the current operation of the EU ETS is increasingly revealing structural limitations.** The current mechanism, based on rising emission prices, imposes significant costs on European industry. **Although EU ETS contributes to CO<sub>2</sub> reduction, in energy-intensive sectors, competitiveness risks are increasing, raising concerns about the proportionality of costs to emission reduction outcomes.** With such volatile allowance prices, operators struggle to plan modernisations effectively. Financing these projects remains challenging due to the need to purchase emission allowances. **The one-way MSR mechanism that limits allowance availability is unable to respond effectively to price shocks** and cannot be regarded as a reliable tool to ensure market stability and predictability. **Concerns are also raised about the current design of the CBAM mechanism, which fails to fully protect against carbon leakage.** CBAM, intended to level the playing field, applies only to direct CO<sub>2</sub> costs, ignoring other significant burdens from EU environmental regulations and standards. Therefore, international allowances must be integrated, and accumulated allowances (via MSR and support from EU ETS2) should be liquidated when the EU ETS loses liquidity around 2039.

---

<sup>2</sup> [2040 climate target - European Commission](#)

---

### **3. Rapid implementation of international carbon credits with transparent mechanisms and sectoral flexibility**

**International carbon credits can play a key role in achieving climate goals – especially in hard-to-abate sectors.** Crucial elements will be clear rules, quantitative limits, and high-quality units (e.g., in line with the Paris Agreement mechanisms). **Business & Science Poland advocates a pragmatic approach: transparent implementation mechanisms, accessible technology and financing, and greater flexibility** – including integration with other emissions trading systems.

Among proposed solutions is the creation of a **European Central Carbon Bank (ECCB)**, which could manage credit purchases, stabilise prices under the EU ETS, and support the transition in developing countries. **Business & Science Poland believes Poland should aim to build a majority coalition to support the ECCB proposal.** Such an institution would ensure market liquidity once most emissions are reduced and could help direct funds toward climate objectives and a just transition in the next decade. Notably, Poland would be among the largest contributors to such a mechanism due to the emission intensity of its economy<sup>3</sup>.

---

### **4. Increased use of negative emissions technologies**

**Business & Science Poland believes that achieving the climate target requires the use and support of all low-emission technologies. It therefore supports carbon removal, direct air capture, and permanent storage,** as sectors that cannot fully decarbonise should be allowed to offset their emissions. Both industry and agriculture will rely on negative emission allowances, in line with the 2050 climate neutrality trajectory<sup>4</sup>.

**The LULUCF sector requires urgent action – the EU is not yet on track to meet CO<sub>2</sub> removal targets for 2030.** Necessary actions include active forest management, wetland protection, and the restoration of degraded lands.

**It is crucial to consider decarbonisation costs imposed on air carriers and structural difficulties linked to SAF (Sustainable Aviation Fuel).** When setting sectoral targets, goals must be realistic and reflect sectoral capabilities. Aviation is currently unable to become zero-emission due to technological limitations. At the same time, financial burdens from existing regulations are substantial given very low operating margins. The aviation sector's role in national economies, tourism, and employment must also be considered.

---

<sup>3</sup> [KOBiZE ECCB Policy-Brief\\_final\\_26062025.pdf](#)

<sup>4</sup> [Punkt 4. Questions and answers on the 2040 EU climate target proposal](#)

## **5. Flexible approach to the agri-food sector with limited capacity to reduce carbon footprint**

**Business & Science Poland notes that the agri-food sector is climate-sensitive and should benefit from an extended transition period towards full emission neutrality.**

Support is needed for the **implementation of low-emission industrial technologies and renewable energy for self-consumption**, including, for example, support for Power Purchase Agreements (PPAs). **Sugar beet growers should be included in carbon farming systems and soil carbon sequestration certification. European farmers must be protected from sugar imports from countries with lower climate standards – through protective mechanisms such as carbon tariffs and product carbon footprint certification.**

**As for regenerative agriculture** – BSP member organisations are interested in its development, especially where it improves the use of land for sugar and cereal production. However, it may increase competition with forestry and timber production, ultimately raising overall farming costs. In its agricultural strategy, the Commission will seek to adopt solutions in early 2026 to meet the sectoral target for agriculture under the European Climate Law by 2040.

---

## **6. Comprehensive financial support for hard-to-abate sectors**

**Business & Science Poland recognises that a key component of emissions reduction is appropriately tailored EU-level financing.** Although the planned reduction target applies to the entire EU, each Member State and region faces unique challenges. **Therefore, Business & Science Poland calls for comprehensive financial support for European enterprises under the new Multiannual Financial Framework (2028–2034).** BSP seeks support for the steel and copper, fuel, chemical, fertiliser, and food processing industries.

---

## **7. Inclusion of sectoral policies in the regulation amending the European Climate Law to ensure predictability and stability of future legislation**

**Business & Science Poland considers it essential to include sectoral policy proposals in the regulation amending the European Climate Law to ensure stability in the Commission's approach toward climate neutrality.** The climate target debate should not focus solely on numerical values, but also on the means of implementation and support measures. Only in this way can a realistic ceiling be defined. The following initiatives should be reflected more broadly in the regulation:

- EU ETS / ETS2 – review and flexibility in implementation after 2027;
- Planned changes to CBAM and inclusion of export solutions;
- Transport – need to address fuel availability and ensure aviation competitiveness;
- Support for energy-intensive industries and improved access to low-emission energy sources;
- European Competitiveness Fund – ensuring geographic representation and maximum technological neutrality;

- Planned RED IV Directive – realistic targets beyond 2040, as part of the 2030–2040 policy package.
- 

#### **8. Predictable and thoughtful decision-making process, including the priority adoption of a political 2035 target**

**Business & Science Poland supports the adoption of a political NDC (Nationally Determined Contribution) target for 2035, followed by an amendment to the European Climate Law to provide legal clarity and demonstrate the EU’s quantified contribution to the climate process.** BSP also encourages the European Parliament and the Environment Council to deliberate on the document on **18 September 2025**, with due consideration for the interests of the industrial sector.

#### **About BSP**

*Business & Science Poland (BSP) combines the experience of leading Polish enterprises with the EU agenda. We represent the knowledge and interests of Polish companies employing over 180,000 people in Poland, the EU, and globally. Our goal is to support the EU Single Market in line with the need for its responsible and effective transformation. This opinion presents the position of BSP members representing the financial, air transport, fertiliser, chemical, mining, refining, fuel and energy sectors.*