

Linking of Switzerland to the EU emissions trading system – entry into force on 1 January 2020



The Finnish Presidency of the Council, the European Commission and Switzerland meet at COP25 in Madrid to announce that Switzerland and the EU join forces in carbon pricing
How does the emissions trading system support EU climate objectives?

On 1 January 2020, Switzerland will become the first country to successfully link its greenhouse gas emissions trading system with the EU emissions trading system (EU ETS).

This completes a process which has taken almost 10 years. On 17 December 2010, the Council authorised the European Commission to open negotiations with the Swiss Confederation for this agreement. The formal procedures for the linking have now been completed, and the agreement can enter into force on 1 January 2020.

The EU ETS is one of the main tools for the cost-effective reduction of greenhouse gas emissions in particular from energy-intensive industries and power plants. This agreement will be **mutually beneficial** for the EU and the Swiss Confederation, as linking cap and trade systems can increase the availability of reduction opportunities and enhance the cost-efficiency of emissions trading.

Background

The development of a well-functioning international carbon market through bottom-up linking of emissions trading systems is a long term policy goal of the EU and the international community. It helps contribute to the climate objectives under the Paris Agreement.

According to the rules of the EU ETS, it can be linked with other emissions trading systems provided they are mandatory, have an absolute cap on emissions and are compatible with it, as it is the case with the Swiss system.

On 17 December 2010, the Council authorised the European Commission to open negotiations with the Swiss Confederation for this agreement.

On 10 November 2017 the Council authorised the signing and provisional application of the agreement.

However, for the agreement to fully enter into force, it was necessary for the Swiss ETS to cover aviation. Switzerland has now put in place all the necessary rules extending its ETS to aviation, and the agreement has been amended accordingly, making it possible to bring it into force.

The formal exchange of the instruments of approval or ratification by both

parties followed, which means that the agreement can enter into force on 1 January 2020.