

Swedenergy's feedback on the EU initiative on the use of international carbon credits

The European Commission's initiative aims to clarify how the limited use of high-quality international carbon credits, as set out in the revised European Climate Law, may best support flexibility and efficiency in how the EU's 2040 climate target is achieved. Achieving a 90 percent net reduction in greenhouse gas emissions by 2040 will require a strong domestic policy framework, while allowing for limited flexibility to ensure cost-efficiency.

Summary

Swedenergy emphasises that international carbon credits must not replace ambitious climate action within the EU. Domestic emissions reductions must remain at the foundation of EU climate policy and are essential for climate neutrality by 2050, industrial competitiveness and credibility. At the same time, a limited use of international credits could help address residual emissions and support a cost-effective transition, provided it is carefully governed and aligned with the Climate Law.

Swedenergy's key points are as follows.

- International crediting requires strong quality safeguards, to be able to contribute to emissions reduction outside the EU.
- International crediting should be integrated into the EU climate framework without weakening domestic decarbonisation.
- Cooperation with partner countries should prioritise credible climate ambition and strong safeguards for transparency, human rights, and environmental integrity.
- A strong EU-level oversight with monitoring and reporting is essential, while keeping administrative complexity proportionate.

High-quality international crediting can deliver broader global benefits, including faster emissions reductions outside the EU, support for low-carbon technologies, ecosystem protection and sustainable development in partner countries. These benefits, however, depend entirely on strong quality safeguards. Risks related to additionality, permanence, double counting, reversals, and environmental or social harm must be addressed. Poor-quality credits would undermine both environmental integrity and trust in EU climate policy.

International credits should function as a limited flexibility mechanism integrated into the EU climate framework, without weakening price signals or incentives for domestic decarbonisation. Their use should be restricted to high-integrity emission reductions or removals, with caution regarding non-permanent activities. Where relevant, priority should be given to permanent reductions and removals compatible with long-term climate objectives.

Swedenergy also stresses the importance of partner country selection. Cooperation should prioritise countries with credible climate ambition, robust governance frameworks, and strong safeguards for transparency, human rights, and environmental integrity. International crediting must support, not undermine, host countries' own climate commitments.

Robust monitoring, reporting, and verification are essential. Swedenergy calls for strong EU-level oversight, independent third-party verification and transparent certification schemes, while keeping administrative complexity proportionate.