# CONSULTATION RESPONSE

## Serbian draft law on tax on greenhouse gas emissions

*Brussels, 21 October 2025*

### 1. We welcome Serbia’s initiative to put a price on carbon emissions

Introducing a carbon-pricing mechanism is a decisive step towards creating incentives for emission reductions, encouraging investment in cleaner technologies and signaling commitment towards decarbonisation.

### 2. Cap-and-trade scheme – rather than a carbon tax – is the most cost-effective approach to reduce GHG emissions

We acknowledge that introducing a carbon tax can serve as a pragmatic first step towards the establishment of a carbon pricing infrastructure and the reduction of the exposure of Serbian importers towards CBAM.

However, we emphasise that the ultimate objective should be the development of a market-based cap-and-trade system, which guarantees that emission reductions occur where they are most cost-efficient, while delivering an environmental outcome that is measurable and enforceable.

### 3. We urge the Ministry to provide a trajectory towards the establishment of a national Emission Trading Scheme (ETS)

Establishing a roadmap towards a national Emission Trading Scheme — including pilot phases, capacity building for monitoring and reporting, and gradual sectoral coverage — would provide a foundation for the future integration with the EU carbon market.

### 4. Regional coordination and future linkage with the EU ETS should be pursued

Linking to the EU ETS would align Serbia’s carbon price with that of its main trading partner offering greater liquidity, efficiency of abatement and a consistent signal for low-carbon investment across borders.

## Contact


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