

Europe's Fit for 55 Strategy

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Introduction

Among the current European Commission's goals, one is to reduce net greenhouse gas emissions by at least 55 percent by 2050, becoming the first climate neutral continent. This commitment has also been reinforced at the international level, with the EU revision of the "[nationally determined contribution](#)" to the Paris Agreement in December 2020.

To achieve the sustainability objective, the European Commission [adopted](#) the '**Fit for 55**' legislation package on **14 July 2021**. Insofar, EU climate policy has predominantly focused on the decarbonization of the electricity and industrial sectors, while the 'Fit for 55' package aims to also include transport and building into the EU decarbonization process. As the two sectors respectively account for 22% and 35% of EU emissions, their inclusion is essential for the EU to reach its climate targets.

The comprehensive set of proposals included in the 'Fit for 55' strategy aim to align climate, land use, energy, and transport policies with the targets agreed in the [European Climate Law](#), ultimately enabling the adequate level of emission reductions, in accordance with the [European Green Deal](#).

The Fit for 55 Package

The package is comprised of 13 proposals; eight of them are revisions to existing laws and five are new proposals.

The revised proposals entail:

- [Revision to the EU Emission Trading Scheme](#), to lower the overall emissions cap per economic sector, phase out free emission allowances for aviation, and include shipping for the first time;
- [Revision to the Effort Sharing Regulation](#), assigning stronger reduction targets for each Member State in building, road, domestic maritime transport, agriculture, waste and small industry sectors;
- [Revision to the Regulation on Land Use, Land Use Change and Forestry](#), setting an overall EU target for carbon removals by natural sinks and setting national targets;
- [Amendment of the Renewable Energy Directive](#), setting a new 2030 target of 40% (up from 32%) energy use from renewables by 2030 and strengthening bioenergy sustainability criteria;



- [Amendment of the Energy Efficiency Directive](#) setting a more ambitious binding annual target at EU level, raised from 32.5% to 36%;
- [Amendment of the regulation setting CO2 emission standards for cars and vans](#) requiring average emissions of new cars to come down by 55% from 2021 to 2030 and net-zero by 2035;
- [Revision to the Alternative Fuels Infrastructure Directive](#) to require that aircrafts and ships have access to clean energy supply in major ports and airports.
- [Revision of the Energy Taxation Directive](#) to align taxation of energy products with climate policies and promote clean technologies.

According to [Bruegel](#), the update of these existing instruments would deliver the majority of the emission reductions by 2030.

On the other hand, the new initiatives proposed by the 'Fit for 55' package entail:

- An [EU Forest Strategy](#) to improve quality, quantity and resilience of EU forests, ensure sustainable use of biomass, and plant three billion trees by 2030;
- The [Carbon Border Adjustment Mechanism](#) to place a carbon price on imports and prevent EU companies being undercut by energy-intensive competitors;
- A [Social Climate Fund](#) to help citizens to finance investments in energy efficiency, clean mobility and renewable energy;
- The [ReFuelEU Aviation Initiative](#) to oblige fuel suppliers to blend more sustainable aviation fuels in jet fuel, including e-fuels;
- The [FuelEU Maritime Initiative](#) to stimulate uptake of sustainable maritime fuels and zero-emission technologies.

It is advisable to implement an overarching approach to these policies, as an integrated perspective could not only overcome blind spots and policy errors, but also create synergies in the scope of the measures, creating an 'eco-system' of mutually reinforcing climate policies.

In addition to this, other proposals are expected by the end of 2021, including a [revision of the Energy Performance of Buildings Directive](#), and new [Climate, Energy and Environmental State Aid Guidelines](#).

The way forward

It is fundamental to point out that the 'Fit for 55' Package is only at the beginning of negotiation in the European Parliament and the Council, and that many of the current details are likely to change before the reforms come into effect.

Some of the reforms find strong support from certain member states and attract deeply held opposition from others. Negotiations over the package will take years as there will be many industrial voices involved in the discussion. The final result will most likely be a compromise among States that

will bring forward different national energy structures and different sensibility with regards to the climate challenge.

The European Union is an impactful contributor to the worldwide greenhouse gas emission, accounting for 3.5bn tonnes of CO₂ in 2019, [behind](#) only China, US and India.

Whereas many countries have now increased their climate ambition through long-term net-zero targets, few have defined in detail how their goals will actually be met. This highlights the importance of developing adequate climate policies at the European level.

While a quick phase-out of coal is fundamental, the deployment of renewables and hydrogen needs to be executed, together with the EU plan to renovate 35 million buildings to increase energy efficiency.

This package offers opportunities for intense advocacy activities by all the stakeholders involved, namely, industry participants, activists, NGOs and associations, without forgetting the strong interrelations among proposals and the effects these may have on European industries.

The negotiations about this large package will carry on until the ultimate deadline of May 2024, when the European Parliament elections will take place. However, the key political discussion will take shape in the following months. For this reason, it is fundamental to leverage on the upcoming Council Presidencies to make sure stakeholders' voices are adequately taken into consideration.

Sources

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