

FIT FOR 55 - EU REVEALS SUITE OF PROPOSALS TO COMBAT CLIMATE CHANGE

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Legal Briefings

We break down how the EU proposes to deliver its ambitious European Green Deal.

The EU has revealed its 'fit for 55' suite of policies, which extends to about 2,000 pages and is designed to take a pro-active approach to combating climate change and to introduce a suite of proposals aimed at making Europe 'the first climate neutral continent in the world'.

FIT FOR 30: STRIKING A BALANCE

The overall objective of the 'fit for 55' package is to try to strike a balance between the need to reach the 2030 target set by the EU and the financing required to achieve this target as quickly as possible, whilst providing that the transition to climate neutrality is achieved in as fair a manner as possible for all.

To manage this balancing act the EU, in acknowledging that carbon pricing and increased financial burdens alone will not address the market's perceived consistent failure to transition quickly, provides for a mix of measures that both aim to encourage and ensure the transition to a cleaner and greener environment. The suite is a mix of financial incentives and revised regulation that focuses on pricing, emissions targets, standards and support measures.

FIT FOR LIFE: REDUCING EMISSIONS

In providing for this mix, the 'fit for 55' package introduces five new initiatives and revises eight pieces of existing legislation. On carbon pricing, the package introduces an expanded Emissions Trading System (**ETS**) including in aviation, and extending the ETS to maritime, road transport and buildings. The EU considers that the ETS, where greenhouse gas emissions are traded, has been shown to bring down emissions in a cost-effective manner and proposes that the revenues generated from the new ETS can be used to help fund the energy transition.

The package also proposes a Carbon Border Adjustment Mechanism (**CBAM**) that will introduce over a period of time a system under which the same carbon price is paid in EU Member States by both domestic and imported goods. The proposed categories of goods include cement, electricity, fertilisers, iron, steel and aluminium.

Along with updating existing legislation, the use of alternative and sustainable fuels are encouraged with the introduction of new infrastructure for alternative fuels, and proposed use of more sustainable aviation fuels and cleaner maritime fuels. On a global level, in addition to the proposed introduction of the CBAM, the package proposes implementing the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) through the EU ETS Directive to further encourage aviation operators to reduce their emissions. Further encouragement in the effort to reduce emissions in the transport sector is proposed in revisions to the Energy Tax Directive aimed at making use of cleaner fuels in transport more attractive.

FIT FOR EVERYONE: ENCOURAGING SOLIDARITY

The financial and regulatory support measures proposed under the 'fit for 55' climate change package are aimed at encouraging innovation and solidarity, and ensuring the impacts of the transition are mitigated for the most vulnerable. In line with these principles, the package introduces a new Social Climate Fund that will fund €72.2 billion from the new ETS in the period 2025 to 2032 in the EU budget for EU Member States to support those most at risk from the impacts of the transition.

FIT FOR THE FUTURE: THE GREEN DEAL

Over the next few days and weeks we will be looking in more detail at the 'fit for 55' suite of proposals, and continuing to look at how the EU proposes to deliver the European Green Deal.

Watch this space.

MORE ON THE FIT FOR 55 SUITE OF PROPOSALS

For more, see also our [Decarbonisation Hub](#) where you can also access our full series of posts - [Fit for 55: A greener transition for Europe](#).

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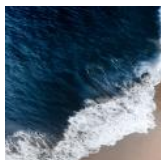


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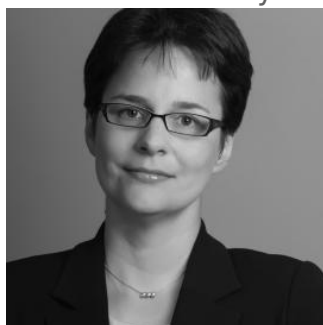
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KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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