**Decoding Brussels**

**Briefing note on the state of the Fit for 55 package**

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# Is the “Fit for 55” legislative package under threat?

**Background**

Europe’s climate ambitions have always been described by the President of the European Commission, Ursula von der Leyen, as *“Europe’s man on the moon moment”*. When defining its climate policies, the EU has always positioned itself as a progressive and ambitious actor. The Fit for 55 proposals are no exception, as the bloc decided to set a more **ambitious target of cutting greenhouse gas emissions by 55% by 2030.**

However, in the light of the Russian invasion of Ukraine, many see this **geopolitical escalation as a setback** for the EU’s climate and energy ambitious targets. But what does this really mean for the bloc’s climate policy and how the EU is currently managing its high-reaching climate and energy objectives? These are questions that are shaping the political debates today in Brussels.

Overview

**What is “Fit for 55”?**

In September 2020, the European Commission [proposed](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562) to **increase Europe’s 2030 climate goals**. Based on a comprehensive impact assessment, the Commission settled a more **ambitious target of a 55% cut in greenhouse gas emissions by 2030.** The previous target was set at only a 40% reduction in greenhouse gas emissions. This decision provided the foundation for the EU to start reviewing and updating its 2030 climate and energy framework. This process is known today as **“Fit for 55”.**

In simple terms, Fit for 55 represents a package of legislative proposals to revise and update EU legislation and to put in place new initiatives with the aim of ensuring that EU policies are in line with the new 2030 climate target. The package is divided into two parts. The first one was [released](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541) in July 2021 and launched the following legislative initiatives:

* **Revision of the EU Emissions Trading System (ETS)**, including maritime and aviation and a setup of the new ETS for buildings and road transport
* **Carbon Border Adjustment Mechanism (CBAM)** and a proposal for CBAM as the EU’s own resource
* **Effort Sharing Regulation** (ESR)
* **Revision of the EU Energy Taxation Directive**
* **Amendment to the Renewable Energy Directive** to implement the ambition of the new 2030 climate target (RED)
* **Amendment of the Energy Efficiency Directive** to implement the ambition of the new 2030 climate target (EED)
* Revision of the **Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change, and forestry** (LULUCF)
* Revision of the **Directive on deployment of alternative fuels infrastructure**
* Revision of the **Regulation setting CO₂ emission performance standards** for new passenger cars and for new light commercial vehicles

The main objective of the first part of the package of proposals was to provide a coherent and balanced framework for reaching the EU’s climate objectives, which would ultimately lead to: (i) ensuring a just and socially fair transition, (ii) maintaining and strengthening innovation and competitiveness of EU industry while ensuring a level playing field vis-à-vis third country economic operators, and (iii) underpinning the EU’s position as leading the way in the global fight against climate change.

The second part was launched in December 2021 under the name of “[Hydrogen and decarbonised gas market package](https://energy.ec.europa.eu/topics/markets-and-consumers/market-legislation/hydrogen-and-decarbonised-gas-market-package_en)”. This set of legislative proposals deal directly with the EU gas market and contains the following:

* Revision of the [Regulation](https://ec.europa.eu/energy/sites/default/files/proposal-revised-gas-markets-and-hydrogen-regulation.pdf) **on conditions for access to the natural gas transmission networks** (715/2009/“Gas Regulation”)
* Revision of the [Directive](https://ec.europa.eu/energy/sites/default/files/proposal-revised-gas-markets-and-hydrogen-directive.pdf) on common rules for the internal market of natural gas (2009/73/“Gas Directive”)
* **EU Methane Regulation**
* Revision of the **Energy Performance of Buildings Directive (EPBD)**

The core objectives of the second part of the package are to (i) establish the conditions for facilitating the rapid and sustained uptake of renewable and low-carbon gases, (ii) improve the market conditions and increase engagement of gas consumers, (iii) better account for contemporary security of supply concerns, and (iv) address price and supply concerns at the level of the Union.

The legislative procedure for the above-mentioned files is currently ongoing. The vast majority of these are now in the negotiations process between the European Parliament and the European Council.

**The geopolitical implications of the Fit for 55 adoption process**

It is already more than eight months since the European Commission launched Fit for 55. This period has been marked by **excessive polarisation of the political debate** in Europe over the future of its energy system. The initial purpose of the Commission’s Fit for 55 package was to put the bloc on course to meet its ambitious target of a 55% reduction in greenhouse gas emissions by 2030. Securing a strong political endorsement for a more ambitious 2030 climate target was already a difficult task. Not everyone was happy about the increase of climate ambition. For example, Poland actively [opposed](https://www.euractiv.com/section/all/short_news/poland-seeks-allies-against-fit-for-55/) the proposals and aimed at the beginning to build a coalition of countries within the EU that object to the Fit for 55 climate package, which the Polish government said will severely affect vulnerable EU citizens. Taking into account now the ongoing energy prices crisis and the Russian invasion of Ukraine – these are likely to impact the EU’s overall energy policies as well as the examination and various positions on the Fit for 55 files.

With the EU pledging to cut reliance on Russian fossil fuels as a result of the war in Ukraine, there are already some fossil-driven short-term measures on the table. Even the Executive Vice President for the European Green Deal, Frans Timmermans, [said](https://www.politico.eu/article/coal-not-taboo-as-eu-seeks-russian-gas-exit-says-green-deal-chief/) countries planning to burn coal as an alternative to Russian gas could do so in line with the EU’s climate goals: “There are no taboos in this situation…Poland and several other countries had plans to transit out of coal, and then temporarily use natural gas and then move to renewables. If they stay longer with coal, but then immediately moved to renewables, **it could still be within the parameters we set for our climate policy**.”

Another option for short-term coverage of the Russian supply of natural gas is liquified natural gas (LNG). For example, Germany [decided](https://www.cleanenergywire.org/news/germany-will-build-two-lng-import-terminals-chancellor-scholz#:~:text=%E2%80%9CWe%20made%20the%20decision%20to,to%20handle%20climate%2Dfriendly%20gases.) to build two LNG terminals in Brunsbüttel and Wilhelmshaven in an effort to reduce its dependence on Russian gas. Moreover, on 25 March 2022, the United States and the European Commission [established](https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/joint-statement-between-the-united-states-and-the-european-commission-on-european-energy-security/#:~:text=The%20United%20States%20and%20the%20European%20Commission%20are%20committed%20to,global%20transition%20to%20clean%20energy.) a joint Task Force on Energy Security. Under this framework, the **US committed to delivering LNG volumes for the EU market of at least 15 bcm in 2022** with expected increases going forward.

However, these options raise concerns in terms of greenhouse gas emissions. Compared to natural gas, LNG causes more emissions due to its energy-intensive production and transportation processes. Consequently, these short-term options will naturally lead to more carbon emissions.

Does this mean that the Fit for 55 is no longer valid? Not really. The Commission stands firm on its goal to deliver the Fit for 55 package. According to the Commission representatives, **Fit for 55, once implemented, will reduce the EU’s total gas consumption** [**by 30%**](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_22_1632) **by 2030.** This means 100 billion cubic meters of gas the EU will no longer need. The general perception, in the long run, is in favor of a full speedup of renewable energy sources that will also be crucial for the scale-up of green hydrogen production. This position of support has been shared by several representatives of the European Parliament, civil society, and corporate companies. For example, Julian Popov, a former Minister of Environment of Bulgaria, says now is not the time to be lowering climate ambition. He [notes](https://www.energymonitor.ai/policy/green-deals/commission-readies-eu-energy-rethink-following-ukraine-war) that some of the earliest climate action in Europe came as a result of the 1973 oil crisis. “If we look back at the 1973 oil embargo, it hit Europe and the US very badly – and then we gradually forgot about it. But that is the moment which gave massive [impetus to the] development of renewable energy and energy efficiency. That is when the wind industry started.” Moreover, a coalition of business leaders [sent](https://www.corporateleadersgroup.com/news/business-groups-affirm-support-people-ukraine-and-call-eu-accelerate-europes-green-transition) an official letter to Commission President von der Leyen **saying the war means climate efforts should be redoubled**. “Gas prices are five times higher than just a year ago and are set to remain high in the medium term. We need to dramatically reduce dependence on Russian fossil fuels by doubling down on the energy transition in the EU Green Deal.” The signatories include Coca-Cola Europacific Partners, EDF, Iberdrola, Microsoft, Signify and Unilever.

**European Parliament is pushing for an increased renewable energy target**

While several political disagreements might appear during the negotiations of the legislative files, the overall political alignment seems to be taking place at the level of the European Parliament on the topic of renewables. In view of the Russian invasion of Ukraine and the need to reduce the EU’s dependency on Russian fossil fuels**, the consensus is growing in the European Parliament to further increase the EU’s renewable energy** **target** under the revision of the Renewable Energy Directive. MEP Markus Pieper (EPP, Germany), the rapporteur on the file, announced that he will **push the 2030 renewable energy target from 32% to 45% by 2030** in his amendments. This new ambition is gathering support across political groups, including the Socialists & Democrats and Renew Europe. Nicolas Gonzalez Casares, a Spanish S&D lawmaker who is shadow rapporteur on the file [remarked](https://www.euractiv.com/section/energy/news/widespread-support-in-eu-parliament-for-45-renewable-energy-target/) that “The war in Ukraine and the need to eliminate our energy dependency on Russia make it necessary to make an extra effort to deploy renewable energies.” In addition to a 45% renewable energy target, Casares is calling for higher sub-targets in the law, speeding up administrative processes, and improving interconnections to share energy between countries. The Left and the Greens/EFA are also seeking more ambition, calling respectively for renewable energy targets over 50%; however, this might be seen by other political groups as “too ambitious”.

**Member States are (re)defining their policy positions**

The war in Ukraine has pushed the European governments to realise the importance of the European Green Deal and the policies that come with it. They found in it the most suitable path of severing their dependence on Russian fossil energy imports. This was confirmed at the Environment Council [meeting](https://www.consilium.europa.eu/en/meetings/env/2022/03/17/) on 17 March 2022, where all EU governments expressed their support for speeding up climate legislation as a way of breaking Europe’s dependence on Russia.

Even for a country like **Bulgaria**, which is almost 100% dependent on Russian gas, the push for renewables is now becoming a security priority: “Russia does not produce our solar panels or wind turbines. It only produces fossil fuels – we have to phase them out,” said Borislav Sandov, deputy prime minister and environment minister in Bulgaria.

Several Member States, such as **Austria, Belgium, Denmark, Greece, Latvia, Luxembourg, the Netherlands, Portugal, and Spain,** went even further, [saying](https://www.euractiv.com/section/energy/news/europeans-rally-behind-green-deal-in-response-to-russias-war-in-ukraine/) that Europe’s energy transition needs to be sped up. “We have to ask ourselves, honestly, whether our ambitions are ambitious enough? Should we not move even more quickly into renewables? Shouldn’t we adapt our objectives? Should we take efficiency more seriously?” Austrian environment minister Leonore Gewessler asked her colleagues.

Even the fiercest opposing countries like **Hungary, Poland, Czechia, and Slovakia** have toned down their criticism of the EU’s climate policy. These countries are firmly behind the effort to phase out Russian fossil fuel. Michal Kiča, State Secretary at the Slovak environment ministry said: “I believe that the ‘Fit for 55’ package represents a crucial instrument to cope not only with climate change but also with all of our energy dependencies”.

Hungary, which is well-known for its conservative voice when it comes to EU climate policies, joined the call for pushing green policies forward in response to the war in Ukraine. “I’d like to express our solidarity towards the Ukrainian people and also join voices with those who expressed that we have to face a new reality in which one answer is apparently the speeding up of the green transition,” said Gábor Baranya, from the Hungarian permanent representation in Brussels.

Poland, too, has been reconsidering its view on the energy transition: “Clearly, as has been said before, the long-term objective that we have is a climate-neutral Europe by 2050. That goes hand in hand with doing away with our need for fossil energies, which goes along with our new shared concern, namely, doing away with fossil fuels from Russia,” said Adam Guibourgé-Czetwertyński, Polish undersecretary of state at the Ministry of Climate and Environment.

**Where do we stand now?**

At the beginning of March 2022, the French Council Presidency [presented](https://data.consilium.europa.eu/doc/document/ST-6668-2022-INIT/en/pdf) the state of play of the debates within the Council on the Fit for 55 package. The goal was to distinguish between **disagreements that are mostly technical and those that would require political decision-making.** The current status is different for each legislative proposal. For example, in the case of the Effort Sharing Regulation (ESR) the Presidency describes mostly support while disagreements are largely technical in kind and would not need political attention. The situation is different for the EU ETS proposals: on the one hand, the extension of the EU ETS to the maritime and the aviation sector proposal has received overwhelming support.

On the other hand, the Presidency notes that the **creation of a separate ETS for road transport and buildings will require more political negotiations**. At a meeting of the EU’s environment ministers, countries including Sweden, Denmark, Germany, the Netherlands, Finland, and Austria supported the new carbon market. “Emissions trading at European level is our most efficient tool for mitigating emissions,” Swedish climate minister Annika Strandhall said. “We do not see any plausible alternatives.” Poland and Hungary opposed it, while states including Belgium, Romania, the Czech Republic, Spain, Slovakia, and Slovenia raised concerns – all focused on the potential costs to citizens. As for the establishment of the **EU Social Climate Fund**, the Presidency also identified **several topics of a more political nature** which will need further examination, in particular: the way in which the fund will be managed, the scope of the fund, and the possibility of direct income support (the latter two topics have budgetary implications). This also applies to the EU Regulation on CO₂ emissions performance standards for cars and vans, where several **disagreements were classified as of a political nature**: there is no agreement on the CO₂ reduction targets and on how to reach them, and opinions vary widely on the removal or adaptation of the incentive mechanism for low- and zero-emission vehicles, as is also the case for the derogation for smaller manufacturers.

**Conclusion**

The ambition to phase out Russian energy supply to Europe is currently driving the political debate in Brussels. While there is a political alignment on the long-term vision to become climate-neutral, several political negotiations still need to be conducted in order to find compromise on the separate provisions in the Fit for 55 package.

The key exercise of the European Union today lies in striking the **right balance between the short-term measures** that are necessary to cover for the Russian fossil supply **and delivering on the long-term climate and energy objectives.** This will require a strong political will, balanced diplomacy, and solidarity in action.

Reghina Dimitrisina

Competence Centre Climate and Social Justice

reghina.dimitrisina@fes.de