

The 'Fit for 55' package is a set of proposals for making the EU's climate goal to reduce EU GHG emissions by at least 55% by 2030 a legal obligation.

EU countries are working on new legislation to achieve this goal and to make the EU climate-neutral by 2050.

Many steps have already been taken towards achievement of the European Green Deal and Fit for 55. These are identified in Appendix 1.

The package of proposals for Fit for 55 aims to provide a coherent and balanced framework for reaching the EU's climate objectives, whilst:

- Ensuring a just and socially fair transition
- Maintaining and strengthening the innovation and competitiveness of EU industry whilst ensuring a level playing field with regards to third country economic operators
- Underpinning the EU's position as leading the way in the global fight against climate change



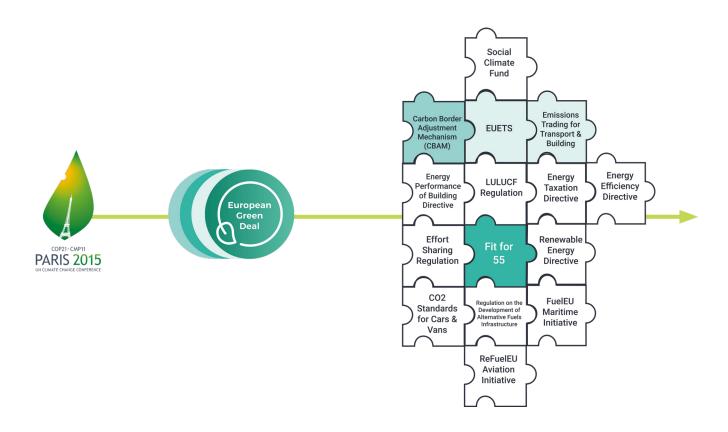
Where did Fit for 55 begin?

The proposals relating to Fit for 55 were first presented and discussed at a technical level within the Council's working parties responsible for the policy areas concerned.

Later, these were discussed by EU member states' ambassadors in the Committee of the Permanent Representatives of the Governments of the Member States to the European Union (Coreper – Comité des représentants permanents), preparing the ground for agreements among the 27 EU member states.

In the ordinary legislative procedure, the Council then engages with the European Parliament in negotiations to find common agreement in advance of the final adoption of the legislative acts.

What falls within the scope of the Fit for 55 package?







The EU emissions trading system

The EU emissions trading system (EU ETS) is a carbon market based on a system of cap-and-trade of emission allowances for energy-intensive industries and the power generation sector. It is the EU's major tool in addressing emissions reductions. Since it was introduced in 2005, the EU's emissions have decreased by 41% (Consilium. Europa.eu)

The Fit for 55 package aimed to reform the EU ETS by making it more ambitious, including new provisions:

- Its extension to emissions from maritime transport
- Faster reduction of emissions allowances in the system and gradual phasing-out of 'free' allowances for some sectors
- Implementation of the global carbon offsetting and reduction scheme for international aviation (CORSIA)
- Increase of funding for the modernisation fund and the innovation fund
- · Revision of the market stability reserve
- A new self-standing emissions trading system created for buildings, road transport and fuels



Social climate fund

The social climate fund proposal addresses the social and distributional impact of the new emissions trading system for buildings and road transport.

Based on the social climate plans being developed by member states, the fund aims to provide support and investments for the benefit of the vulnerable

- Households
- Micro-enterprises
- Transport users

The fund can also cover temporary direct income support.

The fund will be part of the EU budget and be fed by external assigned revenues to a maximum of €65 billion.



Carbon Border Adjustment Mechanism (CBAM)

The carbon border adjustment mechanism aims to ensure (in full compliance with international trade rules) that the emissions reduction efforts of the EU are not offset by increasing emissions outside its borders through the relocation of production to non-EU countries, where climate change mitigation policies might be less ambitious than those of the EU.



Member states' emissions reduction targets

The effort sharing regulation (amended in 2018) sets binding annual greenhouse gas emissions targets for member states in sectors that are not covered by the EU ETS or the regulation on land use, land use change and forestry (LULUCF).

These sectors include:

- · Road and domestic maritime transport
- Buildings
- Agriculture
- Waste
- Small industries

The new rules (as part of Fit for 55) will increase the EU-level greenhouse gas emissions reduction target for 2030 from 29% to 40% compared with 2005 in the sectors concerned.



Emissions and removals from land use, land use change and forestry

The land use, land-use change and forestry (LULUCF) regulation binds the EU to reduce emissions and increase removals in the land use and forestry sectors.

With the Fit for 55 package, the provisions are more ambitious.

New rules set out an increased EU-level target of at least 310 million tonnes of CO2 equivalent net removals of greenhouse gases for 2030. Each member state has binding national targets.



CO2 emission standards for cars and vans

Cars and vans account for 15% of the total EU carbon dioxide emissions. The EU, as part of the Fit for 55 package, adopted new rules regulating the CO2 emissions from these vehicles.

The regulation introduces progressive EU-wide emissions reduction targets for cars and vans for 2030 and beyond, including a 100% reduction target for 2035 for new cars and vans.



Reducing methane emissions in the energy sector

The Commission originally presented the proposal for the EU rules on methane emissions reduction in the energy sector in December 2021, as part of the Fit for 55 package.

The proposal aimed to track and reduce methane emissions in the energy sector. The text was the first of its kind and is a crucial contribution to climate action as methane is the second most important greenhouse gas after carbon dioxide.

The proposal followed the strategic vision set out in the EU Methane Strategy in 2020. At the COP26 UN Climate Conference in 2021 the EU launched the Global Methane Pledge in partnership with the United States, where over 100 countries committed to reducing their methane emissions by 30% by 2030 compared by 2020 levels.



Sustainable aviation fuels

Sustainable aviation fuels include advanced biofuels and electrofuels, and have the potential to significantly reduce aircraft emissions. However, this potential is largely unrealised because these fuels represent only 0.05% of total fuel consumption in the aviation sector.

The ReFuelEU Aviation proposal aims to reduce the aviation sector's environmental emissions footprint and enable it to help the EU achieve its climate targets.



Decarbonised fuels in shipping

The maritime sector still relies almost entirely on fossil fuels and comprises a significant source of greenhouse gas emissions.

The aim of the FuelEU maritime initiative is to reduce greenhouse gas intensity of energy used on-board of ships by up to 80% by 2050. The rules promote the use of renewable and low-carbon fuels in shipping.

10

Alternative fuels infrastructure

The regulation on alternative fuels infrastructure (AFIR) aims to ensure that citizens and businesses have access to a robust infrastructure network for recharging or refuelling road vehicles and ships with alternative fuels.

The rules will allow the transport sector to significantly reduce its carbon footprint.

Targets for 2025 or 2030 include:

- Recharging stations for cars and vans to be installed every 60 km
- Hydrogen refuelling stations serving both cars and lorries deployed from 2030 onwards in all urban nodes
- Users of electric or hydrogen-fuelled vehicles to be able to pay easily at recharging or refuelling points

11

Renewable energy

The Fit for 55 package includes proposals for a revision to the renewable energy directive, to increase the EU-level target of at least 32% of renewable energy sources in the overall energy mix to at least 40% by 2030.

It also includes the introduction or enhancement of sectorial sub-targets and measures across sectors, with special focus on those where progress with integrating renewables has been slower to date, in particular transport, buildings and industry.



Energy efficiency

The revised EU energy efficiency directive aims to reduce final energy consumption at an EU level by 11.7% in 2030, compared to 2020 projections.

The new rules will accelerate energy efficiency efforts by member states by increasing annual energy savings obligations and decreasing the energy consumption of public sector buildings.

13

Energy performance of buildings

Buildings are responsible for 40% of energy consumed and 36% of energy-related direct and indirect greenhouse gas emissions in the EU.

New rules aim to achieve the following:

- All new buildings should be zero-emissions buildings by 2030
- Existing buildings should be transformed into zeroemissions buildings by 2050



Hydrogen and decarbonised gas market package

The Hydrogen and decarbonised gas market package includes revised and new rules to lower the carbon footprint of the gas market.

The aim is to move from natural gas to renewable and low-carbon gases and to boost their uptake in the EU by 2030 and beyond.

The package comprises a regulation and a directive., setting common internal market rules for renewable and natural gases and hydrogen. They aim to create a regulatory framework for dedicated hydrogen infrastructure and markets and integrated network planning. They also set out to strengthen security of supply.

15

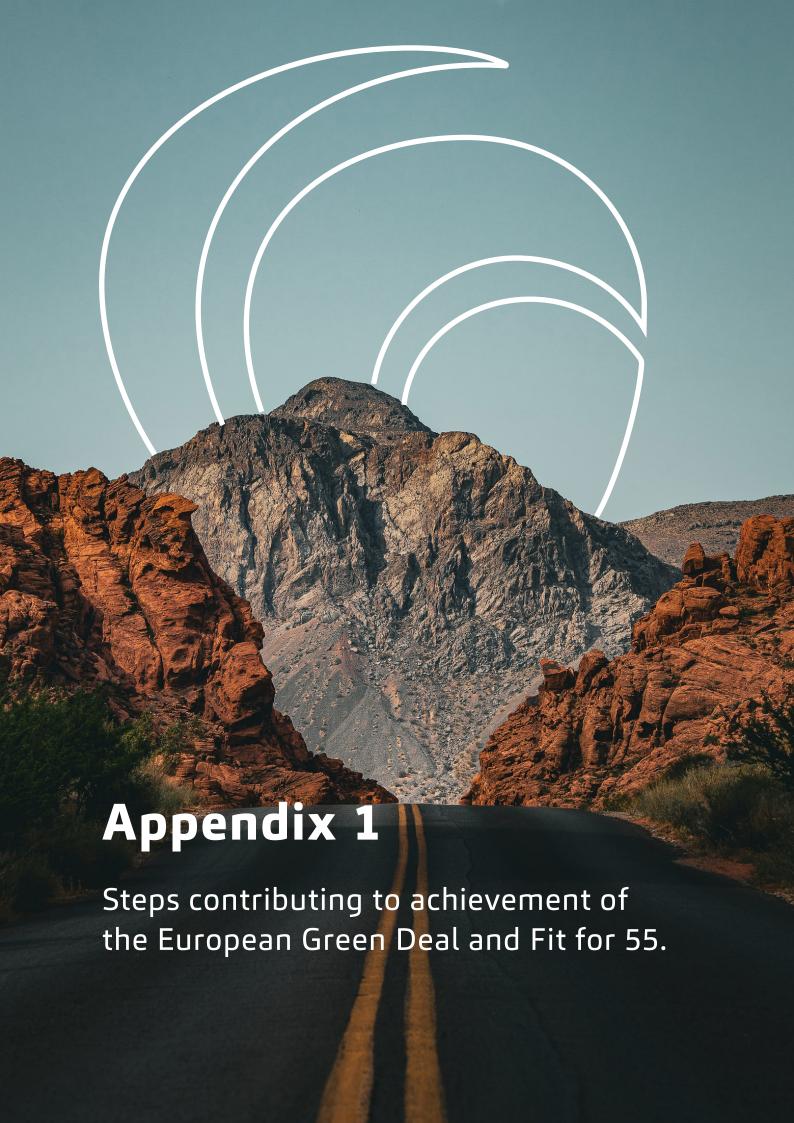
Energy taxation

The proposed revision of the Council directive on the taxation of energy products and electricity aims to:

- Align the taxation of energy products and electricity with the EU's energy, environment and climate policies
- Preserve and improve the EU internal market by updating the scope of energy products and the structure of rates and by rationalising the use of tax exemptions and reductions by member states
- Preserve the capacity to generate revenues for the budgets of the member states

The Fit for 55 package and the European Green Deal, together with the directives and rules that have been collaboratively agreed for each vertical sector, represent a significantly integrated approach that places the EU ahead of other continents and nation states.

It is fast becoming the gold standard for addressing harmful emissions and tackling climate change for a sustainable future.



4 March 2024	Packaging. The Council and Parliament struck a deal to make packaging more sustainable and reduce packaging waste in the EU.
20 February 2024	Consumer rights . Final approval was given for the directive to empower consumers for the green transition.
6 February 2024	Net-zero industry act . The Council and Parliament struck a deal to boost the EU's green industry.
2 February, 2024	Circular economy . The Council and Parliament struck a provisional deal on the right to repair directive.
30 January 2024	Council ready to start talks with Parliament to completely phase out mercury in the EU.
29 January 2024	Urban wastewater . The Council and Parliament reached a deal on new rules for more efficient treatment and monitoring.
29 January 2024	Fluorinated gases and ozone-depleting substances. The Council agreed new rules to reduce harmful emissions.
18 January 2024	Agreement to lower CO2 emissions from trucks, buses and trailers.
14 December 2023	Corporate sustainability due diligence. Council and Parliament reached an agreement to protect the environment and human rights.
8 December 2023	Gas package. The Council & Parliament reached a deal on future hydrogen and gas market.
7 December 2023	'Fit for 55'. The Council and Parliament reach a deal on the proposal to revise the energy performance of buildings directive.
7 December 2023	Net-zero industry act . The Council adopted a position to boost technologies for the green transition.
5 December 2023	Products fit for the green transition . The Council and Parliament concluded a provisional agreement on the ecodesign regulation.
29 November 2023	Industrial emissions. Agreement on new rules.
22 November 2023	Circular economy . The Council adopted a position on a directive that enshrines consumers' right to repair.
15 November 2023	Methane emissions . The Council and Parliament reached a deal on new rules to cut methane emissions in the energy sector.
9 October 2023	Renewable energy. The Council adopted new rules.
9 October 2023	Aviation sector. The Council adopted a new law to decarbonise the aviation sector.
9 October 2023	Organic pet food. The Council adopted updated labelling rules.
5 October 2023	Fluorinated gases and ozone-depleting substances. The Council and Parliament reached an agreement.

25 September 2023	Euro 7. The Council adopted a position on emissions from cars, vans, buses and trucks.
19 September 2023	Green transition . The Council and Parliament reached a provisional agreement to empower consumers for the Green Transition.
25 July 2023	FuelEU maritime initiative . The Council adopted a new law to decarbonise the maritime sector.
25 July 2023	Energy efficiency directive. The Council adopted the energy efficiency directive.
25 July 2023	Alternative fuels infrastructure. The Council adopted a new law for more recharging and refuelling stations across Europe.
10 July 2023	Batteries and waste batteries. The Council adopted a new regulation.
30 June 2023	Classification, labelling and packaging of chemical substances . The Council adopted a position on the regulation for classification, labelling and packaging of chemical substances.
30 June 2023	Construction products . The Council adopted a position on the construction products regulation.
3 May 2023	Empowering consumers . The Council adopted a position on empowering consumers for the green transition.
25 April 2023	Aviation sector. The Council and Parliament agreed to decarbonise the aviation sector.
25 April 2023	Council adopted 5 laws as part of the Fit for 55 package, delivering on 2030 climate targets, including the revised EU emissions trading system (EUETS), the new carbon border adjustment mechanism (CBAM) and the social climate fund.
30 March 2023	Renewable energy directive. Provisional deal.
28 March 2023	Gas and Hydrogen . Members states set out their position on the future gas and hydrogen market.
28 March 2023	 The first part of the Fit for 55 package was formally adopted including: CO2 emissions standards for cars and vans Effort sharing regulation Land use and forestry regulation Market stability reserve decision
28 March 2023	Alternative fuel infrastructure. Provisional deal was reached.
16 March 2023	Industrial emissions directive . The Council reached agreement on amendments to the directive.
10 March 2023	 Energy efficiency directive. The Council and Parliament reached a deal that included: Headline target National contributions and gap-filling Annual energy savings target Obligations for public sector

19 December 2022	Air transport emissions. The Council adopted a decision on offsetting requirements for air transport emissions (CORSIA).
18 December 2022	Emissions trading system and social climate fund. A provisional deal was reached.
7 December 2022	ETS aviation. The Council and Parliament reached a deal to reduce flight emissions.
6 December 2022	Deforestation . A deal was reached to reduce deforestation worldwide.
11 November 2022	Fit for 55. A deal was reached on carbon removal targets for land use and forestry.
8 November 2022	Fit for 55. The EU strengthened emission reduction targets for member states.
27 October 2022	Fit for 55 . The Fit for 55 proposal was agreed; the EU strengthened CO2 targets for new cars and vans.
25 October 2022	Fit for 55. The Council agreed on stricter rules for the energy performance of buildings.
29 June 2022	Fit for 55 . The Council reached agreement on general approaches relating to emissions reductions and their social impacts.
28 June 2022	Deforestation . The Council agreed new rules to reduce deforestation and forest degradation globally.
27 June 2022	Fit for 55. EU ministers agreed on new 2030 targets for energy efficiency and renewables.
17 June 2022	Energy taxation . The Council took note of progress relating to the revision of the energy taxation directive.
16 June 2022	Transition to carbon neutrality . The Council adopted recommendations on fair transition towards climate neutrality and to stimulate learning.
2 June 2022	Fit for 55 package. The Council adopted a position on three texts relating to the transport sector comprising alternative fuels infrastructure – AFIR, FuelEU Maritime and ReFuelEU Aviation.
7 April 2022	Carbon farming. The Council adopted conclusions regarding carbon farming, identifying climate-friendly practices that might include: Planting hedges or trees Growing legumes Using catch crops and cover crops Practising conservation agriculture and maintaining peatlands Afforestation and reforestation
17 March 2022	Fit for 55 package. Environment ministers discussed the Fit for 55 package and global

deforestation proposal.

17 March 2022	Batteries. Members states were ready to start negotiations with Parliament. This included: The 'battery passport' Tight restrictions for hazardous substances A carbon footprint for batteries Extended producer responsibility The obligation for new batteries to contain recycled materials Due diligence requirements for supply chains
15 March 2022	CBAM . The Council agreed its Carbon Border Adjustment Mechanism negotiating mandate.
24 February 2022	Industrial mobility . Ministers held a debate on the future of the industrial mobility ecosystem.
21 February 2022	Deforestation . The Council discussed how to reduce global deforestation.
20 December 2021	Fit for 55 package. Environment ministers reviewed progress of the Fit for 55 package.
9 December 2021	Fit for 55 package. Ministers discussed transport proposals.
7 December 2021	Fit for 55 package. Progress reported from an economic perspective.
2 December 2021	Fit for 55 package. The Energy Council reviewed progress of Fit for 55 energy proposals.
25 November 2021	Fit for 55 package. Internal market and industry ministers reviewed the Fit for 55 package.
15 November 2021	Forest strategy . The Council adopted conclusions regarding the new EU forest strategy for 2030.
12 October 2021	Fit for 55 package. The Council discussed agriculture and forestry contribution.
6 October 2021	Fit for 55 package. The Environment Council discussed the Fit for 55 package.
29 September 2021	Fit for 55 package. Fit for 55 from an industrial perspective.
22-23 September 2021	Fit for 55 package . EU transport and energy ministers met in Slovenia to discuss the Fit for 55 package.
20 July 2021	Fit for 55 package. EU environment ministers met to discuss the Fit for 55 package.
19 July 2021	Organic plan. The Council adopted conclusions regarding the EU organic plan.
11 June 2021	Renovation Wave. The Council endorsed the EU renovation wave strategy for buildings.

10 June 2021	Climate adaptation . The Council endorsed the climate adaptation strategy and discussed the zero pollution and batteries proposal.
7 June 2021	Climate neutrality. The Council adopted the Just Transition Fund.
5 May 2021	 EU climate law. EU ambassadors approved a compromise text on EU climate law change. The final text comprised: 55% net emission target for 2030 EU-wide climate neutrality target for 2050 Establishment of a European Scientific Advisory Board on Climate Change The use of an emission budget for setting 2040 targets
26 April 2021	Public sector . Provisional agreement reached for a public sector loan facility to support climate change transition.
21 April 2021	European climate law. The Council and Parliament reached provisional agreement.
15 March 2021	Chemicals . The Council approved conclusions regarding the EU chemicals strategy for sustainability.
17 December 2020	Climate law. The Council agreed on a full general approach regarding climate law proposal.
16 December 2020	Just transition fund. The Council endorsed the political deal with Parliament.
10-11 December 2020	Climate target. EU leaders endorsed a new binding climate target of a net domestic reduction of greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.
29 October 2020	Climate finance. EU and member states' contributions continued to increase in 2019.
23 October 2020	EU climate law . Environment ministers reached a partial agreement on the EU climate law and adopted conclusions on biodiversity.
21 October 2020	Just transition mechanism. The Council agreed its position on the public sector loan facility.
19 October 2020	Sustainable food systems. The Council prioritised actions for sustainable food systems with conclusions on the farm to fork strategy. Including: Sufficient and affordable food whilst contributing to EU climate neutrality by 2050 A fair income and strong support for primary producers Competitiveness of the EU Agriculture at a global level
15 October 2020	EU leaders discussed the EU's climate ambitions for 2030.

25 June 2020	Aviation emissions . The EU selected more ambitious option to calculate offsetting requirements.
24 June 2020	Just transition fund. The Council agreed on its partial negotiating position.
24 June 2020	European Year of Rail. The Council agreed its position in support of the initiative.
23 June 2020	European Green Deal . European ministers agreed the European Green Deal should guide the recovery towards green growth, to 'build a modern, clean and healthy economy, which will help to secure the livelihoods of the next generations.'
15 June 2020	EU green Deal. EU ministers discussed the EU Green Deal and economic recovery.
8 June 2020	EU biodiversity . Agriculture ministers welcomed the EU Biodiversity and Farm to Fork strategies.
5 March 2020	European Green Deal . Environment and Climate ministers exchanged views on the European Green Deal.
27-28 February 2020	Climate neutrality . The Competitiveness Council discussed the transition to a climate-neutral EU.
27 January 2020	European Green Deal. Ministers discussed agricultural aspects of the Green Deal.
19 December 2019	Climate policy. Views exchanged on EU environment and climate policy in the next term.
12-13 December 2019	Climate neutrality. EU leaders endorsed the 2050 climate neutrality objective.
20-21 June 2019	Strategy . EU leaders called for a climate-neutral, green, fair and social Europe.

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership, registered in England with registered number OC312313. A list of partners' names is open for inspection at its registered office, 201 Silbury Boulevard, Milton Keynes MK9 1LZ.

MHA is an independent member of Baker Tilly International Limited, the members of which are separate and independent legal entities. Arrandco Investments Limited is the registered owner of the UK trade mark for the name Baker Tilly. The associated logo is used under licence from Baker Tilly International Limited. Further information can be found via our website https://www.mha.co.uk/terms-and-conditions

mha.co.uk

in



