

# Increasing the EU's Climate Ambition for 2030 & 2050

- **The European Green deal** announced in 2019
- The EU adopted the **European Climate Law** on 30 June 2021
- Union-wide **climate-neutrality** objective for **2050**
- New **2030** target of at **least 55% net greenhouse gas emissions reduction**

# Overview: Fit for 55 Package

Pricing	Targets	Rules
<ul style="list-style-type: none"><li>• Stronger ETS including in aviation</li><li>• Extending the ETS to maritime, road transport, and buildings</li><li>• Updated Energy Taxation Directive</li><li>• Carbon Border Adjustment Mechanism</li></ul>	<ul style="list-style-type: none"><li>• <b>Updated Effort Sharing Regulation</b></li><li>• <b>Updated LULUCF Regulation</b></li><li>• Updated <b>Renewable Energy Directive</b></li><li>• Updated <b>Energy Efficiency Directive</b></li></ul>	<ul style="list-style-type: none"><li>• Stricter <b>CO<sub>2</sub> performance for cars &amp; vans</b></li><li>• New <b>infrastructure for alternative fuels</b></li><li>• <b>ReFuelEU</b>: More sustainable aviation fuels</li><li>• <b>FuelEU</b>: Cleaner maritime fuels</li></ul>
Support measures		
Using revenues and regulations to promote innovation, build solidarity and mitigate impacts for the vulnerable, notably through the new Social Climate Fund and enhanced Modernisation and Innovation Funds		

**Fit for 55 Climate Files:  
Provisional Agreements  
reached on  
ALL files in 2022 !!**

# Revision of the EU Emissions Trading System (EU ETS) Directive

## Updates to Existing EU ETS

**Increase in overall ambition of emissions reductions** by 2030 to **-62%** compared to 2005 levels

**Phase-out of ETS free allowances** between 2026-2034 in line with phase-in of the Carbon Border Adjustment Mechanism (CBAM)

**Market Stability Reserve (MSR)** strengthened

**Innovation Fund increased** from 450 to 575 million allowances & **Modernisation Fund increased** with 3 new MS eligible: EL, PT, SI

**Inclusion of maritime sector** with gradual surrendering till 2026

**Update of ETS-Aviation** with 'clean-cut' approach & extension of 'stop-the-clock' until 2027 (Commission to assess strengthening of CORSIA by mid-2026), & gradual phase-out of free allocation



# Revision of the EU Emissions Trading System (EU ETS) Directive

## New ETS (ETS2)

For **road transport, buildings & fuels for industry not covered by ETS**, **operational as of 2027** with possible start in 2028 if energy prices are exceptionally high

**Emissions reduction of 42% by 2030** compared to 2005

**Smooth start** e.g. through **front-loading** (auctioning of an additional 30%) for Year 1 of the ETS2 & **mechanisms to address excessive price** increases

Creation of a policy, plan & performance-based **Social Climate Fund** to address the **social impacts of ETS2** on vulnerable households, micro-enterprises & transport users

**OVERALL ETS estimated Revenue for Member States** around €400-560 billion, subject to proposal for new EU own resources, actual carbon price and other factors [post and pre-MSR]. This **shall be used for climate purposes**.



# Social Climate Fund

Will mobilise **EUR 86.7 billion** over **2026-2032** period  
EUR 65 billion from the Fund + 25% national contributions from Member States

## Eligibility of expenditure as of 1 January 2026

based on auctioning of 50 million EU ETS allowances in 2026 (frontloading)  
& ETS2 auctioning as of 2027 (initially as external assigned revenue)



Support vulnerable households, transport users, & micro-enterprises from impact of ETS2



Support investments in energy efficiency & renovation of buildings, clean heating & cooling



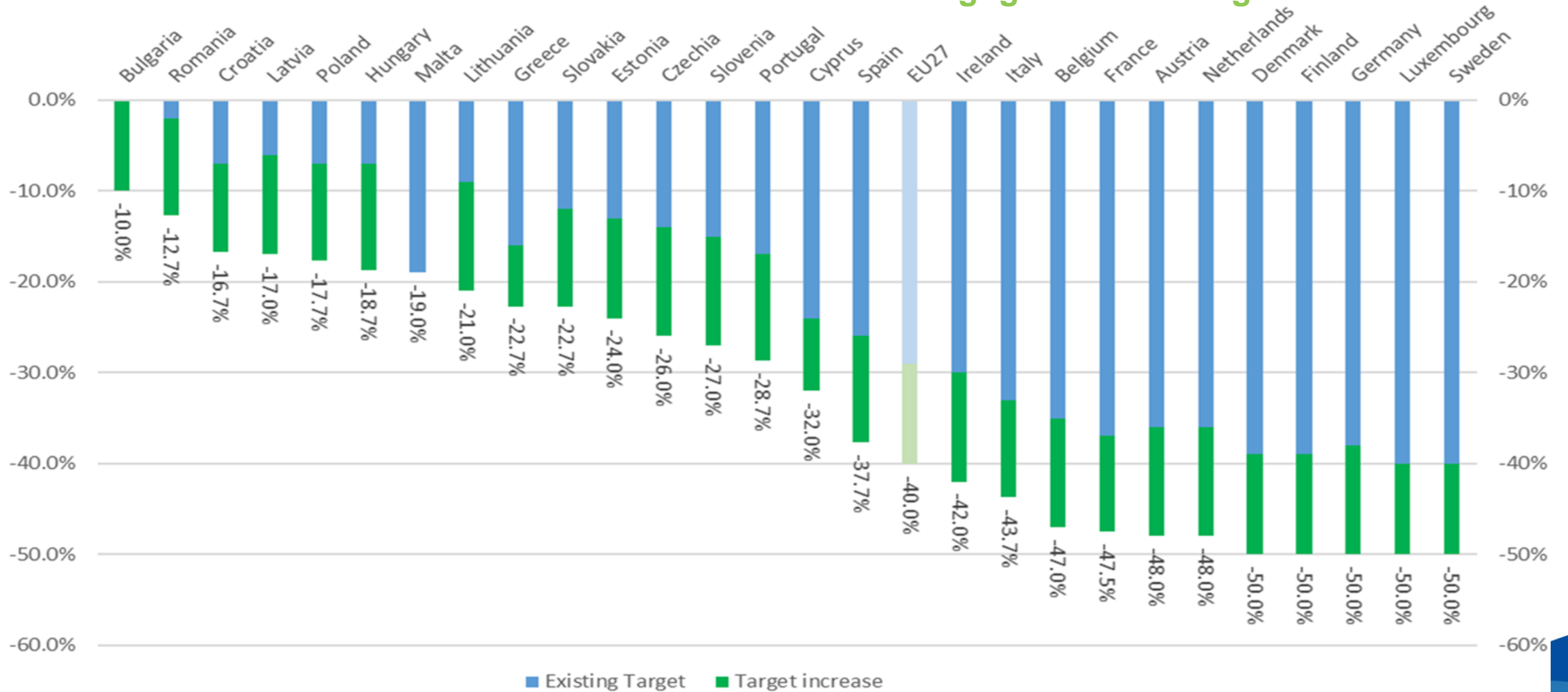
Finance zero- & low-emission mobility & transport, including public transport



Provide temporary direct income support

# Revision of the Effort Sharing Regulation (ESR)

Increased EU's 2030 ambition & Member States' ghg reduction targets



# Revision of the CO2 Standards for Cars & Vans Regulation



Increased CO2 emissions reduction targets for new cars & vans:

By 2030:

55% for new cars

50% for new vans

compared to 2021 levels

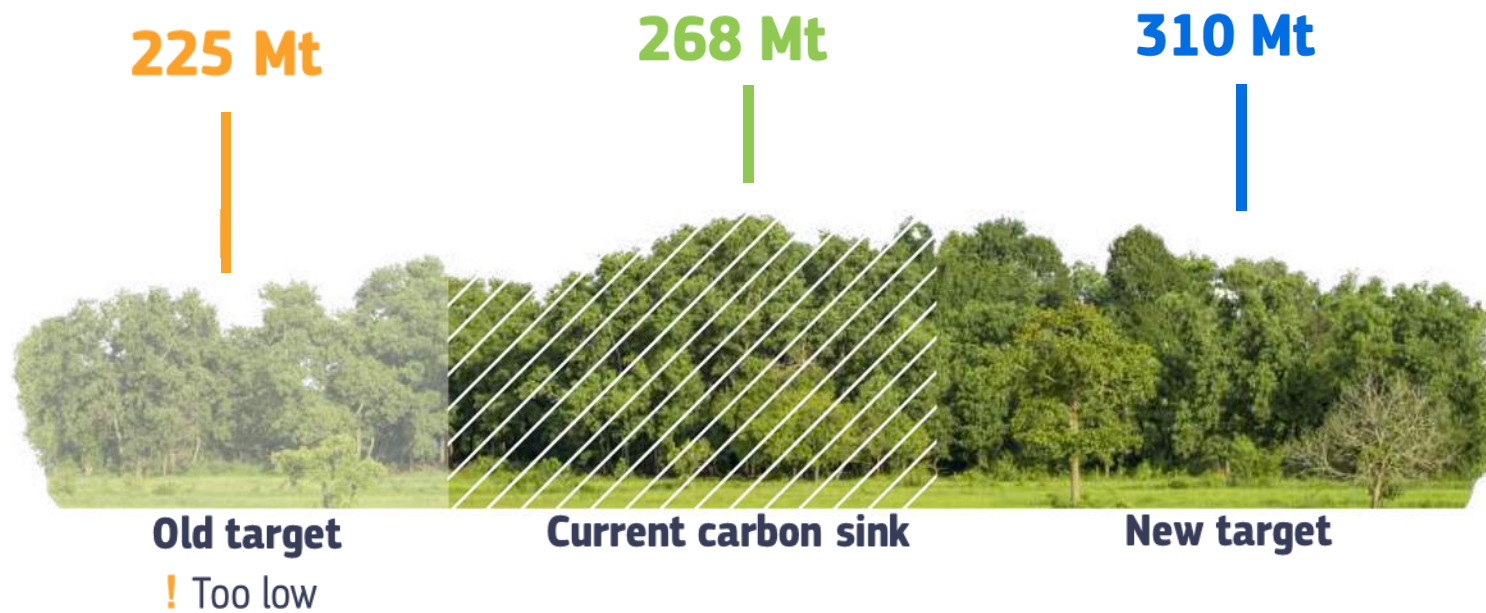
By 2035: 100% for both new cars & vans

(ZLEV) incentive mechanism (2025 to 2029) but with higher benchmarks - 25% for cars & 17% for vans



# Revision of the Land Use, Land Use Change and Forestry (LULUCF) Regulation

**New targets** to increase our natural carbon sink:



2021-2025: EU target for net carbon removals by natural sinks aligned with current LULUCF ('no-debit').

2026-2030: -310 million tonnes of CO<sub>2</sub> equivalent by 2030.

Land-Use Flexibility for 2026-2030 period, Tier 2 monitoring from 2026, Tier 3 monitoring from 2028 at latest.

Commission Review in 2024 for post-2030 AFOLU pillar inclusion.

# Other Fit for 55 Files

**CBAM:** provisional **agreement reached in December 2022** – CBAM starts in October 2023 with gradual phase-in & corresponding phase-out of free allowances in line with ETS

**Renewable Energy Directive (RED)** ()

**Energy Efficiency Directive** ()

# Renewable Energy Directive (RED II+)

**Renewables** in the EU energy mix



**19.7%**

Current renewables share (in 2019)

**32%**

Current EU 2030 target

**40%**

New EU 2030 target

**Increased renewables ambition** in key sectors (heating and cooling, transport, industry, buildings)

**Boosting the deployment** of and the **investment** in renewable energy

**Sustainable bioenergy** reinforced criteria in line with the EU Biodiversity Strategy

**RePowerEU amendment** to increase the **RES target** to **45%** in RED II+

# Energy Efficiency Directive (EED)



**17.0 - 17.4%**

Current energy efficiency savings for primary and final energy consumption (in 2019)

**32.5%**

Current EU 2030 non-binding target (relative to 2007 projections)

**36-39%**

New EU 2030 binding target for final and primary energy consumption

Indicative Member State contributions to the EU-level energy efficiency target

Reinforcement of the Energy Efficiency First Principle

Measures to alleviate energy poverty & boost consumer empowerment

# Carbon Border Adjustment Mechanism

New **Carbon Border Adjustment Mechanism Regulation (CBAM)**:  
Carbon price on imports of a targeted selection of products to prevent 'carbon leakage'



**CEMENT**



**IRON & STEEL**



**ALUMINIUM**



**FERTILISER**



**ELECTRICITY**





Thank you.

[Delivering the European Green Deal |  
European Commission \(europa.eu\)](#)