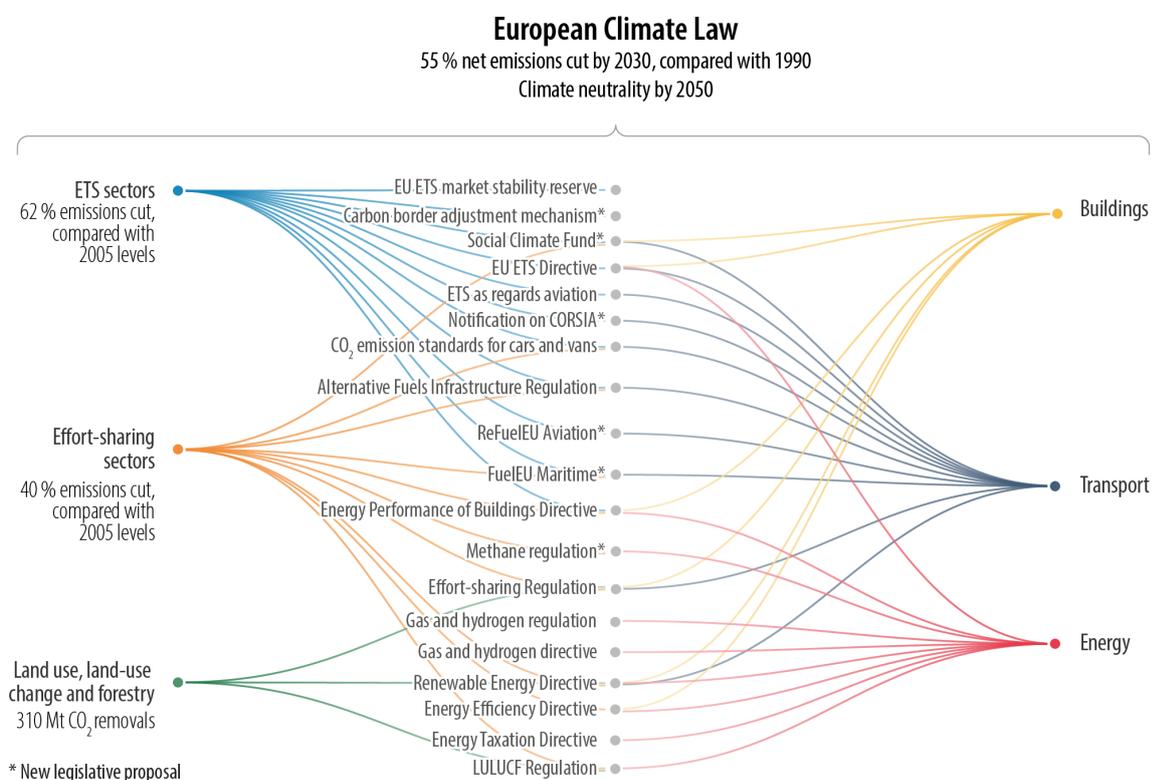


Fit for 55 package

The 'fit for 55' package of July and December 2021 was designed to realise the European Climate Law objectives: climate neutrality by 2050 and a 55 % reduction of net greenhouse gas (GHG) emissions by 2030, compared with 1990 levels. It consisted of 13 interlinked proposals to revise existing EU climate and energy laws, and six new legislative proposals. All proposals, except the Energy Taxation Directive, have been adopted or agreed by the European Parliament and the Council of the EU.

The package seeks to accelerate emissions reductions in the [sectors covered](#) by the EU emissions trading system (ETS) and those covered by the Effort-sharing Regulation, and to increase carbon removals in the land use, land-use change and forestry (LULUCF) sector.

Figure 1 – Legislative initiatives in the 'fit for 55' package



Under the package, road transport and buildings are included in the **revised EU ETS**, but still covered by the **Effort sharing Regulation**. To reduce **transport** sector emissions, the new ETS for transport fuels is complemented by stronger CO₂ emission standards for new cars and vans, revised rules for alternative fuels infrastructure and new legislation on maritime and aviation fuels. **Energy** production and use across the economy are addressed by the revision of key EU energy legislation, a new regulation on energy-related methane emissions (within the effort-sharing sector), and a reform of the EU gas markets (recast gas and hydrogen regulation and directive). Energy use in **buildings** is addressed by adopted or agreed legislation on the ETS, effort-sharing, energy performance of buildings, renewable energy, energy efficiency, and the Social Climate Fund. Finally, the revision of the **LULUCF Regulation** requires the sector to achieve 310 Mt CO₂ removals by 2030. Certain flexibilities exist between the LULUCF and effort-sharing sectors. The revised Renewable Energy Directive contains sustainability criteria for biofuels, which affect the LULUCF sector.

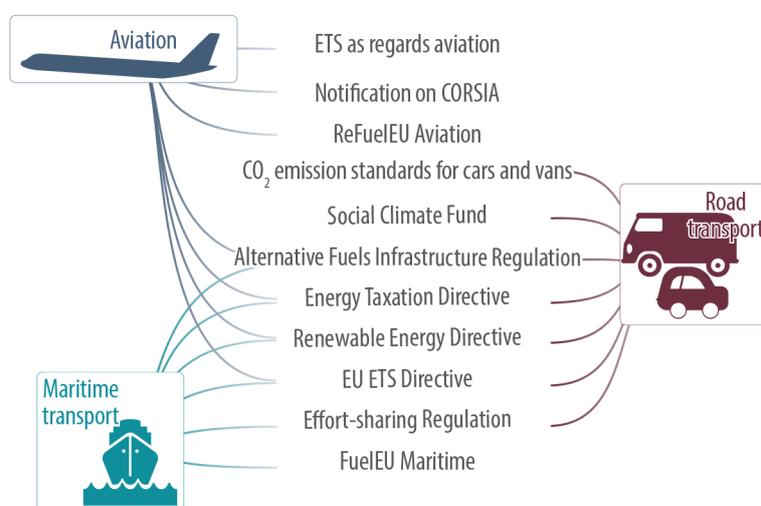
This is an update of a briefing first published in June 2022.



Transport: A challenging sector for climate action

GHG emissions from the transport sector have stagnated over the past decade, while other sectors such as electricity generation and industry have achieved substantial emissions reductions, not least thanks to the EU ETS. To ensure that the transport sector contributes to the EU's climate objectives, the maritime and road transport sectors are included in the EU ETS (while still covered by the Effort-sharing Regulation). Together with a review of the Energy Taxation Directive, yet to be adopted by the Council, this will raise the price of GHG emissions in the transport sector. The revision of the Renewable Energy Directive sets requirements for renewable transport fuels, and introduces a credit mechanism to promote electromobility. Specific legislative acts address emissions reductions and the supply of alternative fuels in the road transport, maritime transport and aviation sub-sectors.

Figure 2 – Transport-related legislative initiatives in the 'fit for 55' package



Aviation: free ETS allowances for airlines are being phased out, and flights going outside the European Economic Area become subject to the international CORSIA offsetting scheme. The ReFuelEU Aviation Regulation promotes sustainable aviation fuels.

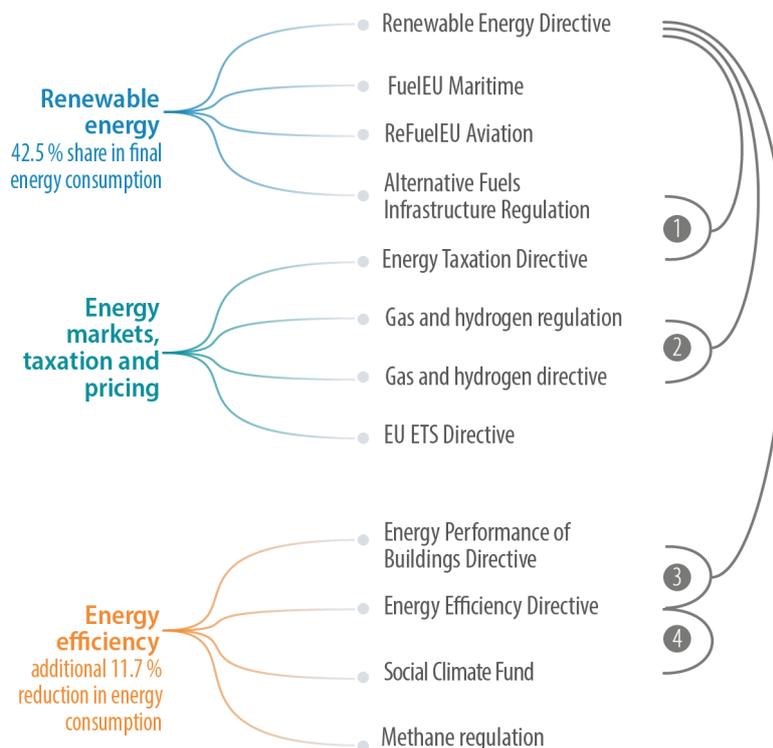
Road transport: CO₂ emission standards for new cars have become stricter, aiming for 100 % zero-emission vehicles by 2035. The Social Climate Fund, financed by the new ETS for road transport and buildings, will improve access to zero- and low-emission mobility and transport.

Maritime transport: the sector was included in the EU ETS. The FuelEU Maritime Regulation promotes sustainable maritime fuels.

Energy: At the heart of the climate neutrality transition

Several laws in the 'fit for 55' package address energy-related GHG emissions. The principal targets set to contribute to the overall 55 % net emissions reduction are a 42.5-45 % share of renewable energy sources at EU level by 2030, and a substantial reduction of primary and final energy consumption. A higher carbon price through the revision of the EU ETS and the Energy Taxation Directive will drive the roll-out of renewables and energy efficiency improvements.

Figure 3 – Energy-related legislative initiatives in the 'fit for 55' package



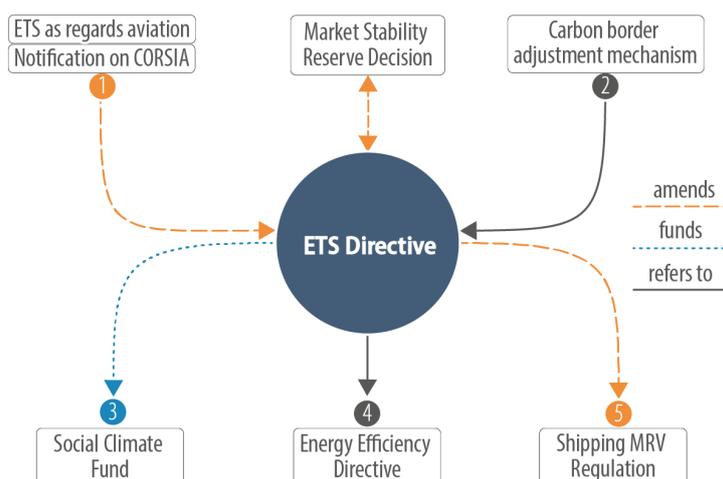
Links between the laws:

1. The proposed revised Energy Taxation Directive refers to definitions in the revised Renewable Energy Directive and the revised Alternative Fuels Infrastructure Directive.
2. The proposed recast gas and hydrogen regulation and directive refer to the revised Renewable Energy Directive for the definition of renewable gas and low-carbon gas.
3. The revised Renewable Energy Directive refers to the definition of 'efficient district heating and cooling' in the revised Energy Efficiency Directive (EED), and the revised Energy Performance of Buildings Directive refers to the definition of 'energy performance contracting' in the EED.
4. The revised EED and the Social Climate Fund Regulation refer to each other with respect to use of the fund.

EU ETS: Cornerstone of EU climate action

The 'fit for 55' package includes four laws intended to raise the ambition of the EU ETS, improve its functioning, broaden its scope to maritime transport, road transport and buildings, and provide for the participation of airlines in the international CORSIA offsetting scheme. These are complemented by a regulation introducing a carbon border adjustment mechanism to safeguard international competitiveness by pricing the carbon emissions of imports, and a regulation on a Social Climate Fund to address the social impacts of extending the EU ETS to road transport and buildings.

Figure 4 – Legislative initiatives related to the EU ETS in the 'fit for 55' package



1. Both laws concern aviation in the EU ETS and implementation of the international CORSIA system. The second law ensured that Member States notified airlines of CORSIA obligations for 2021.
2. The amount of carbon border adjustment depends on the phasing-out of free allowances in the EU ETS.
3. Financing of the Social Climate Fund comes from revenues from the new ETS for transport and buildings.
4. Allocation of free ETS allowances depends on operators' compliance with the requirements of the EED.
5. The existing Regulation on monitoring, reporting and verification of maritime transport emissions (the Shipping MRV Regulation) was amended to align with the extension of the ETS to maritime transport.

EPRS publications

Effort-sharing Regulation review: [Fit for 55 explainer](#); [EU legislation in progress briefing](#); [initial appraisal of a European Commission impact assessment](#)

LULUCF Regulation review: [explainer](#); [legislation in progress](#); [initial appraisal](#)

EU ETS Directive review: [explainer](#); [legislation in progress](#); [initial appraisal](#)

EU ETS market stability reserve review: [legislation in progress](#)

EU ETS as regards aviation / Notification on CORSIA: [legislation in progress](#); [initial appraisal](#)

Carbon border adjustment mechanism: [explainer](#); [legislation in progress](#); [initial appraisal](#)

Renewable Energy Directive review: [explainer](#); [legislation in progress](#); [initial appraisal](#)

Energy Efficiency Directive review: [explainer](#); [legislation in progress](#); [initial appraisal](#)

Social Climate Fund: [explainer](#); [legislation in progress](#); (no impact assessment prepared by the Commission)

Energy Taxation Directive review: [legislation in progress](#); (consultation procedure, no initial appraisal)

Energy Performance of Buildings Directive review: [legislation in progress](#); [implementation in action](#)

Methane regulation: [legislation in progress](#); [initial appraisal](#)

Recast regulation on gas and hydrogen markets: [legislation in progress](#); [implementation appraisal](#)

Recast directive on gas and hydrogen markets: [legislation in progress](#)

CO₂ emission standards for cars and vans: [explainer](#); [legislation in progress](#); [initial appraisal](#)

Alternative Fuels Infrastructure Regulation: [legislation in progress](#); [initial appraisal](#)

ReFuelEU Aviation: [legislation in progress](#); [initial appraisal](#)

FuelEU Maritime: [legislation in progress](#); [initial appraisal](#)

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2024.

epres@ep.europa.eu (contact) www.epres.ep.parl.union.eu (intranet) www.europarl.europa.eu/thinktank (internet) <http://eptthinktank.eu> (blog)