
Fit for 55: Parliament adopts key laws to reach 2030 climate target

- Free allowances in the Emissions Trading System (ETS) to be phased out from 2026
- Road transport and buildings in new ETS II from 2027
- New carbon leakage instrument to protect EU industry and increase global climate ambition
- A Social Climate Fund to combat energy and mobility poverty



MEPs adopt five new laws to enable the EU to reduce greenhouse gas emissions with at least 55% by 2030. ©AdobeStock/Schankz

MEPs adopted the reform of the EU’s Emissions Trading System including for aviation and maritime, the Carbon Border Adjustment Mechanism and a new Social Climate fund.

On Tuesday, Parliament approved the deals reached with EU countries in late 2022 on several key pieces of legislation that are part of the [“Fit for 55 in 2030 package”](#). This is the EU’s plan to reduce greenhouse gas (GHG) emissions by at least 55% by 2030 compared to 1990 levels in line with [the European Climate Law](#).

Emissions Trading System reform

The reform of the Emissions Trading System (ETS) was adopted with 413 votes in favour to 167 against and 57 abstentions. It increases the ambition of the ETS, as GHG emissions in the ETS sectors must be cut by 62% by 2030 compared to 2005-levels. It also phases out free allowances to companies from 2026 until 2034 and creates a separate new ETS II for fuel for road transport and buildings that will put a price on GHG emissions from these sectors in 2027 (or 2028 if energy prices are exceptionally high).

For more details on the ETS reform, see the [press release after the deal with EU countries](#).

Parliament also voted to include, for the first time, [GHG emissions from the maritime sector in the ETS](#) (500 votes to 131 and 11 abstentions) and agreed to the [revision of the ETS for aviation](#) (463 votes to 117 and 64 abstentions). This will phase out the free allowances to the aviation sector by 2026 and promote the use of sustainable aviation fuels.

New carbon leakage instrument created

With 487 votes to 81 and 75 abstentions, Parliament adopted the rules for the new EU Carbon Border Adjustment Mechanism (CBAM), which aims to incentivise non-EU countries to increase their climate ambition and to ensure that EU and global climate efforts are not undermined by production being relocated from the EU to countries with less ambitious policies.

The goods covered by CBAM are iron, steel, cement, aluminium, fertilisers, electricity, hydrogen as well as indirect emissions under certain conditions. Importers of these goods would have to pay any price difference between the carbon price paid in the country of production and the price of carbon allowances in the EU ETS.

The CBAM will be phased in from 2026 until 2034 at the same speed as the free allowances in the EU ETS are being phased out.

For more details on CBAM, see the [press release after the deal with EU countries](#).

A Social Climate Fund to combat energy poverty

The deal with member states to set up an EU Social Climate Fund (SCF) in 2026 to ensure that the climate transition will be fair and socially inclusive was adopted with 521 votes to 75 and 43 abstentions. Vulnerable households, micro-enterprises and transport users who are particularly affected by energy and transport poverty will benefit from this. When fully in place, the SCF will be funded from auctioning ETS II allowances up to an amount of €65 billion, with an additional 25% covered by national resources (amounting to an estimated total of €86,7 billion).

For more details on the Fund, see the [press release after the deal with EU countries](#).

Next steps

The texts now also have to be formally endorsed by Council. They will then be published in the EU Official Journal and enter into force 20 days later.

In adopting these pieces of legislation, Parliament is responding to the expectations of citizens for the EU to *accomplish and speed up the green transition* as expressed in Proposals 3(1), 3(8), 3(9), 11(1) and 11(7), of the [conclusions of the Conference on the Future of Europe](#).

Further information

Adopted texts will become available here (18.04.2023)

Procedure file: Emissions Trading System (ETS)

Procedure file: Carbon Border Adjustment Mechanism

Procedure file: Social Climate Fund

Procedure file: Revision of the EU Emissions Trading System for aviation

Procedure file: Maritime transport

EP Research: Updated briefs on the “Fit for 55” files adopted

EP Multimedia Centre: free photos, video and audio material

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