

# The implementation of the Green Deal Legislative Programme: mission largely accomplished

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2023 has now been established as the warmest year in recorded history. The director of the Copernicus Climate Change Service (C3S), Carlo Buontempo indicated that “as long as greenhouse gas concentrations keep rising, we can’t expect different outcomes from those seen this year. Reaching net zero as soon as possible is an effective way to manage our climate risks.”<sup>1</sup> In this context of global warming, the European Union introduced in 2020 the European Green Deal, and the **Climate Law**<sup>2</sup>, which sets a legally binding EU-wide and economy-wide common target of net-zero greenhouse gas (GHG) emissions by 2050 and comprises the target to cut GHG emissions by 55% by 2030. This gave birth to the Fit for 55 legislative package and all the related texts which will be evoked in this paper. The Green Deal legislative programme contains more than 40 proposals from the European Commission.

As well as constraints, **the Green Deal opens opportunities for investment**. The growth of green finance is, like every other market, a question of supply and of demand. For instance, a growth in sales of electric vehicles triggers a growth in loans to finance these acquisitions, itself largely influenced by the EU legislation which has set the end of the sales of cars fueled by fossil fuels by 2035. The same goes for energy efficiency in industry or housing following more stringent standards. **The advancement of the Green Deal Programme is therefore not only of importance for ecological reasons: it will also have implications for the demand and for the growth of sustainable finance in the coming years.**

First assessments of the implementation of the Green Deal Legislative Program were published in the Eurofi *Regulatory Update* of April 2023 and of October 2023. Since these publications, new texts have been approved by the European political institutions, others have become legislation, and others have been proposed by the Commission. As

the menace of the European elections and of a European Parliament that will be less inclined towards green measures looms, a new assessment of the measures passed and proposed is necessary.

This article will review Green Deal legislation and propositions of legislation designed to reduce greenhouse gas emissions. More specifically, **we will concentrate on specific sectors, those of energy, industry, transport, buildings and nature protection and restoration, which are most likely to foster important green investments and green finance**. Finally, we will recall the few legislative proposals which are still under discussion.

## 1. Energy

The production and the consumption of energy represents, within the EU, more than 75% of the emitted GHG. The Green Deal focuses on three principles for the transition towards clean energy: ensuring a secure and affordable energy supply for the EU, creating an integrated, interconnected and digitized energy market, and prioritizing energy efficiency.

This has been done through several measures.

### 1.1 ETS

#### • ETS: new benchmark for free allocations

The first set of measures is the **reform of the Emissions Trading Scheme (ETS)**, in order to progressively increase carbon pricing. Set up in 2003 as the first market tool of its kind, the EU ETS is now under its fourth trading phase (2021-2030). The legislative framework for phase 4 of the EU ETS was first revised in 2018, but given the EU’s new climate targets, the Commission has proposed to strengthen the mechanism even more, with the

1. Record warm November consolidates 2023 as the warmest year. (s. d.). Copernicus. [https://climate.copernicus.eu/record-warm-november-consolidates-2023-warmest-year#:~:text=The%20extraordinary%20global%20November%20temperatures,Climate%20Change%20Service%20\(C3S\)](https://climate.copernicus.eu/record-warm-november-consolidates-2023-warmest-year#:~:text=The%20extraordinary%20global%20November%20temperatures,Climate%20Change%20Service%20(C3S))

2. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law'). Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1119>

objective to have a carbon pricing in line with the Fit for 55 objectives. The Commission Implementing Regulation on benchmarks values for free allocation of emission allowances 2021-2025<sup>3</sup> was published in March 2021 by the Commission. The requirements for phase IV of the EU ETS will be revised from 2024 onwards by an agreement between Parliament and Council reached as part of the negotiations on the “Fit for 55 – Adjustment to the -55% target” package.

- **Market Stability Reserve**

The allowances system of the ETS is dealt with under the **Market Stability Reserve** which has recently been reviewed. To expedite the absorption of the excess allowances and promote market stability, the proposal<sup>4</sup> – which the co legislators did not change – maintains the current elevated annual allowance intake rate. Indeed, the proposal sustains the existing doubled intake rate of 24% and retains a minimum of 200 million allowances in the reserve until December 31, 2030, the conclusion of Phase IV of the EU ETS. The decision entered into force on May 15<sup>th</sup>, 2023, after being published in April.<sup>5</sup>

## 1.2 Energy infrastructure

- **TEN-E regulation**

Energy efficiency and the reduction of its GHG emissions has also been tackled on the continent through energy infrastructure regulation. The revision of the **TEN-E regulation**<sup>6</sup> provides a set of instructions for the prompt advancement and interoperability of the priority corridors and areas of energy infrastructure across Europe. The instructions specify the criteria for identifying projects of common interest (PCIs) and mutual interest (PMIs), while also expanding upon the previous guidelines. This updated version has an **extended scope**: it now includes smart electricity grids and electricity storage, hydrogen networks and power-to-gas, as well as projects with third countries; but it excludes natural gas. It also

simplifies procedures to grant permits and proposes the creation of a one-stop-shop for offshore grid development. The revised TEN-E regulation entered into force in June 2022.

## 1.3 Renewable energies

The Green Deal has sought to decrease GHG emissions from the energy sector by encouraging the use of green energy itself, notably with the renewable energy directive, the energy efficiency directive and sector specific encouragements.

- **Renewable energy directive (RED3)**

In March 2023, the legislators reached a political agreement on the **Renewable Energy Directive**, agreeing to increase the share of renewable energy in the EU's overall energy consumption to 42.5% by 2030, with an additional 2.5% indicative top up to reach 45%. All member states are expected to contribute to this shared objective. Furthermore, the legislators have concurred on more ambitious targets specific to various sectors, including transport, industry, buildings, and district heating and cooling. The aim is to accelerate the incorporation of renewable energy sources in sectors where the progress has been comparatively slower. Specific dispositions include an indicative target of at least 49% of renewable energy share in buildings by 2030, and a target of 5.5% of use for advanced biofuels in the transport industry by 2030. The text has now been adopted.<sup>7</sup>

- **Delegated Acts on RFNBOs (Renewable Fuels of Non-Biological Origin)**

The Commission has published three delegated acts, after an initial agreement in interinstitutional dialogue. Two of them are of particular importance, as they complete the **implementation of the Renewable energy directive**<sup>8</sup>. The delegated Act on renewable liquid and gaseous transport fuels of non-biological origin<sup>9</sup> provides a methodology to ensure that the electricity used to produce

3. Commission Implementing Regulation (EU) 2021/447 of 12 March 2021 determining revised benchmark values for free allocation of emission allowances for the period from 2021 to 2025 pursuant to Article 10a (2) of Directive 2003/87/EC of the European Parliament and of the Council (Text with EEA relevance). Link: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32021R0447>

4. Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Decision (EU) 2015/1814 as regards the amount of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading scheme until 2030. Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0571>

5. Revision of the market stability reserve for the EU emissions trading system: Fit for 55 package | Think Tank | European Parliament. (n.d.). [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2022\)698896](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)698896)

6. Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944, and repealing Regulation (EU) No 347/2013. Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R0869>

7. Council and Parliament reach provisional deal on renewable energy directive. (2023, 30 mars). European Council. <https://www.consilium.europa.eu/en/press/press-releases/2023/03/30/council-and-parliament-reach-provisional-deal-on-renewable-energy-directive/>

8. Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) (Text with EEA relevance.) Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018L2001> This Directive is currently under reviewal as well

9. Commission Delegated Regulation (EU) .../... of 10.2.2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules to produce renewable liquid and gaseous transport fuels of non-biological origin. Link: [https://energy.ec.europa.eu/system/files/2023-02/C\\_2023\\_1087\\_1\\_EN\\_ACT\\_part1\\_v8.pdf](https://energy.ec.europa.eu/system/files/2023-02/C_2023_1087_1_EN_ACT_part1_v8.pdf)

renewable liquid and gaseous transport fuels of non-biological origin (the so called “RFNBOs”) is indeed of renewable origin, while the delegated Act on GHG emissions savings of recycled carbon fuels<sup>10</sup> sets a minimum threshold and gives a methodology for assessing GHG emissions savings from RFNBOs.

## 1.4 Energy efficiency

### • Energy Efficiency Directive

The **Energy Efficiency Directive** was published in the Official Journal in September 2023, following a revision of a directive adopted in 2012 and already updated in 2018. It officially enforces the principle of ‘energy efficiency first’ as a foundational element of EU energy policy, granting it legal status for the first time. In practical terms, this mandates that EU member states must take into account energy efficiency in all pertinent policy and significant investment choices within both the energy and non-energy sectors. It requires among others, a binding 11.7% cut in energy consumption by 2030, doubling annual savings goals. It tackles energy poverty, mandates audits for companies, and ensures competence in energy professionals<sup>11</sup>.

### • Updated EU rules to decarbonize gas markets and promote hydrogen

On the 8<sup>th</sup> of December 2023, a provisional agreement was reached on the **updated EU rules to decarbonize the gas market and create a hydrogen market**. This new regulation will promote renewable and low-carbon gases, in order to ensure security and affordability. This supports both the EU’s climate neutrality goal by 2050, and the RePower EU plan to reduce reliance on Russian fossil fuel imports. Key aspects of this update include infrastructure planning for a decarbonized gas sector, facilitating integration of renewable gases, and introducing a certification system. The deal establishes a phased market design for hydrogen, restricting long-term contracts for fossil gas. Security measures for energy, crisis management procedures and provisions for cybersecurity risks are also part of the revised rules<sup>12</sup>.

### • Regulation on methane emissions reduction in the energy sector

Before the beginning of the COP28, a provisional agreement was reached between the co-legislators in November 2023 on a **Regulation on Methane Emissions**. This new legislation aims to cut methane emissions both in the European energy sector and in global supply chains. It includes improved measurement, reporting and verification, as well as mandatory leak detection and repair. The Commission’s proposal prioritize accurate measurement through independent verification and prompt mitigation<sup>13</sup>.

## 1.5 Carbon border adjustment

### • Regulation on a Carbon Border Adjustment Mechanism

Another highly debated text creating a **Carbon Border Adjustment Mechanism (CBAM)**<sup>14</sup> was voted, proposed to complement the ETS. Starting in 2026, EU importers will be required to pay a financial adjustment by surrendering CBAM certificates that align with the emissions integrated into their imports. The objective is to prevent the relocation of carbon-intensive industries outside of the EU (known as “carbon leakage”), which could compromise the EU’s ambitious climate targets, this policy aims to incentivize producers in third-party countries that export to the EU to adopt low-carbon technologies, and to ensure that the price of imports more accurately reflects their carbon footprint. The CBAM regulation officially entered into force the day following its publication in the Official Journal of the EU on 16th May 2023.<sup>15</sup>

## 2. Industry

As part of the response to the Covid-19 pandemic and to the imminent threat of climate change and global warming, the Green Deal also introduces a new industrial strategy for Europe, which “will lead the twin green and digital transitions” in order for Europe to become “even more competitive globally”<sup>16</sup>.

10. Commission Delegated Regulation (EU) .../... of 10.2.2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a minimum threshold for greenhouse gas emissions savings of recycled carbon fuels and by specifying a methodology for assessing greenhouse gas emissions savings from renewable liquid and gaseous transport fuels of non-biological origin and from recycled carbon fuels. Link: [https://energy.ec.europa.eu/system/files/2023-02/C\\_2023\\_1086\\_1\\_EN\\_ACT\\_part1\\_v5.pdf](https://energy.ec.europa.eu/system/files/2023-02/C_2023_1086_1_EN_ACT_part1_v5.pdf)

11. Energy Efficiency Directive. (s. d.). Energy. [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en)

12. Press corner. (s. d.). European Commission - European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_6085](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_6085)

13. Methane emissions. (s. d.). Energy. [https://energy.ec.europa.eu/topics/oil-gas-and-coal/methane-emissions\\_en#:~:text=As%20announced%20in%20the%20EU,Council%20on%2015%20November%202023](https://energy.ec.europa.eu/topics/oil-gas-and-coal/methane-emissions_en#:~:text=As%20announced%20in%20the%20EU,Council%20on%2015%20November%202023)

14. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a carbon border adjustment mechanism. Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52021PC0564>

15. Carbon Border Adjustment Mechanism. (s. d.). Taxation and Customs Union. [https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism\\_en](https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en)

16. Industry and the green Deal. (s. d.). European Commission. [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/industry-and-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/industry-and-green-deal_en)

## 2.1 The Green Deal Industrial Plan

In February 2023, the European Commission released the **Green Deal Industrial Plan**, with a self-proclaimed aim “to provide a more supportive environment for the scaling up of the EU’s manufacturing capacity for the net-zero technologies and products required to meet Europe’s ambitious climate targets.” In this document, the Commission presents a project for several acts to come. Importantly and notably, one of the pillars of this plan is to speed up investment and financing for clean tech production in Europe, both public and private financing, which it says are necessary in order to fund the green transition<sup>17</sup>.

The following acts, regulations or rules are part of the Green Deal Industrial Plan which have been the object of a political agreement.

- **Reform of the Electricity Market Design**

In December 2023, the Council and the European Parliament reached a provisional political agreement on the **reform of the Electricity Market**. Measures included in the reform are a better protection for consumers, notably through fixed prices and fixed term contracts, more stability and competitiveness for companies, through two-way contracts for difference, and increased green electricity, with new rules made to integrate renewable energy into the system more easily<sup>18</sup>.

The Green Deal Industrial Plan comprises other measures, such as a **regulatory framework for batteries** (which has come into force in August 2023) and a **regulation for the eco-design for sustainable products**<sup>19</sup> (provisional agreement reached in December 2023).

## 2.2 Revision of the industrial emissions directive

In November 2023, the Parliament, the Commission and the Council managed to secure a political agreement on the **Industrial Emissions Directive**. The agreement focuses on stricter rules to combat pollution, improve emission reporting and monitoring, and set more effective pollution limits. The accord addresses intensive farming operations,

and states that the directive will gradually encompass large agricultural facilities, battery production installations, and non-energy ores mining activities. Some activities will remain excluded from the scope of the directive, notably cattle farming operations. The agreement also introduces a new Industrial Emissions Portal set to replace the current European Pollutant Release and Transfer Register<sup>20</sup>.

## 3. Buildings

### 3.1 Energy performance of buildings directive<sup>21</sup>

Buildings are currently responsible for 40% of total energy consumption in the EU, and 36% of its energy related greenhouse gas emissions. More than 4 out of 5 buildings within European countries were constructed before 2000, resulting in poor energy performance and efficiency. If the EU is to reduce its emissions by 55% by 2035 and to become the first carbon-neutral continent by 2050, reducing emission from buildings is a significant part of the solution. This explains the importance of the political agreement on the **Energy Performance of Buildings Directive**, with which the legislator intends to reduce the average primary electricity use of residential buildings by 16% by 2030, and 20-22% by 2035. This will be done primarily through the renovation of the worst-performing buildings. In order to fight energy poverty, the EU also encourages national governments to finance measures incentivizing and accompanying renovations for the most vulnerable customers (and the worst-performing buildings)<sup>22</sup>. The agreement calls for existing buildings to be carbon-neutral by 2050. The same target applies to new buildings by 2030 and from 2028 for new buildings occupied or owned by public authorities<sup>23</sup>.

In addition, the deal calls for a gradual phase-out of boilers powered by fossil fuels. Subsidies for the installation of stand-alone boilers powered by fossil fuels are already forbidden starting from January 2025. It also encourages each member state to establish a national Building Renovation Plan to implement a strategy in order to decarbonize the building stocks, and address the

17. Press corner. (s. d.-b). European Commission - European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_510](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_510)

18. Electricity market reform. (2023, 21 December). European Council. <https://www.consilium.europa.eu/en/policies/electricity-market-reform/>

19. Eco-design for sustainable products Regulation. (s. d.). European Commission. [https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/sustainable-products/ecodesign-sustainable-products-regulation\\_en](https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/sustainable-products/ecodesign-sustainable-products-regulation_en)

20. Industrial Emissions Directive. (2023, 18 décembre). Environment. [https://environment.ec.europa.eu/topics/industrial-emissions-and-safety/industrial-emissions-directive\\_en](https://environment.ec.europa.eu/topics/industrial-emissions-and-safety/industrial-emissions-directive_en)

21. Fit for 55: Delivering on the proposals. (s. d.). European Commission. [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal/fit-55-delivering-proposals\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal/fit-55-delivering-proposals_en)

22. Press corner. (s. d.-c). European Commission - European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_6423](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_6423)

23. Schmitt, F. (2023, 8 décembre). Chantier titanesque : Bruxelles exige des bâtiments neutres en carbone d’ici à 2050. Les Echos. <https://www.lesechos.fr/industrie-services/energie-environnement/bruxelles-exige-des-batiments-neutres-en-carbone-dici-2050-2040224>

challenges of the sector, such as financing, training and attracting skilled workers.

### 3.2 ETS II for the building sector

In December 2022, the European Parliament and the Council of the EU agreed to establish a **distinct emissions trading system, called ETS II, implemented for emissions from fuel distribution in the road transport and building sectors**. In April 2023, this new ETS was adopted. It is set to launch in 2027. The system will help regulate fuel suppliers rather than end-consumers. It will also put an absolute cap on emissions, with a goal to decrease them to reach the EU-set goal of carbon neutrality by 2050. The newly introduced ETS 2 is designed to complement the sectoral scope of the EU ETS, expanding the reach of carbon pricing at the EU level to encompass all major sectors of the economy, excluding agriculture and land-use activities<sup>24 25</sup>.

## 4. Transports

### 4.1 An extended ETS to the transports

- **ETS: integration of CORSIA**

A revision of aviation rules<sup>26</sup> in the **EU ETS** has been adopted to ensure that Member States notify EU-based airlines of their offsetting obligations for the year 2021 under **CORSIA**<sup>27</sup>. In April 2023, the effort further continued, as the directive for the revision of EU ETS as regards aviation was adopted by the co-legislators. Its main proposal is to ensure that the sector contributes to the EU's climate targets through increased auctioning of allowances, with an end to free allowances from 2027, applying the linear reduction of aviation allowances. It also allows to integrate within the revised ETS, the Carbon Offsetting and Reduction Scheme for

International Aviation (CORSIA), applying it to international flights departing from or arriving at an airport inside the European Economic Area.<sup>28</sup> The phasing out of free allowances will occur one year earlier than proposed by the Commission, and full auctioning will be reached by 2026. A mandatory reporting, verification, and monitoring (MRV) framework for non-CO2 emissions from aviation is required to be implemented from 2025 and evaluated in 2027.

- **ETS for maritime sector and emissions reduction**

In July, a text was adopted, allowing for the extension of the **Emission Trading Scheme for the maritime sector**. Starting in January 2024, the EU's Emissions Trading System will be extended to cover emissions from all large ships entering EU ports, regardless of their flag. The co-legislators agreed to the cutting of emissions from EU ETS sectors – which will now also encompass the maritime industry – by 63% relative to 2005 levels by 2030. To accomplish this, the proposal<sup>29</sup> involves increasing the yearly linear emissions reduction factor from 2.2% to 4.2%.

Under this, 50% of emissions from voyages starting or ending outside of the EU and 100% of emissions that occur between two EU ports and when ships are within EU ports are considered. In practice, this means that shipping companies will have to purchase and use EU ETS emission allowances for each CO2 ton emission reported<sup>30</sup>. It entered into force on the 1st of January 2024.

- **ETS II for the road transport sector**

The recently launched ETS II also encompasses the road sector, encouraging low-emissions mobility. It will enter into force in 2027, with a goal of bringing emissions down by 42% by 2030 compared to 2005 levels<sup>31</sup>.

24. EU Emissions Trading System for buildings and road transport ("EU ETS 2"). (n.d.). International Carbon Action Partnership. <https://icapcarbonaction.com/en/ets/eu-emissions-trading-system-buildings-and-road-transport-eu-ets-2>

25. Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Decision (EU) 2015/1814 as regards the amount of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading scheme until 2030. Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0571>

26. Decision (EU) 2023/136 of the European Parliament and of the Council of 18 January 2023 amending Directive 2003/87/EC as regards the notification of offsetting in respect of a global market-based measure for aircraft operators based in the Union (Text with EEA relevance). Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023D0136>

27. The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) of the International Civil Aviation Organization (ICAO) requires countries to ensure that airlines based in those countries offset CO2 emissions that exceed the relevant baseline (2019 CO2 emissions) by international credits.

28. Aviation's contribution to European Union climate action: Revision of EU ETS as regards aviation | Think Tank | European Parliament. (n.d.). [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2022\)698882](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)698882)

29. Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757. Link: [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2021\)551&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2021)551&lang=en)

30. Reducing emissions from the shipping sector. (n.d.). Climate Action. [https://climate.ec.europa.eu/eu-action/transport-emissions/reducing-emissions-transport-emissions-ship-sector\\_en](https://climate.ec.europa.eu/eu-action/transport-emissions/reducing-emissions-transport-emissions-ship-sector_en)

31. ETS 2: Buildings, road transport and additional sectors. (s. d.). Climate Action. [https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets-2-buildings-road-transport-and-additional-sectors\\_en#:~:text=The%20ETS%20%2C%20which%20will,auctioned%20to%20provide%20market%20liquidity](https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets-2-buildings-road-transport-and-additional-sectors_en#:~:text=The%20ETS%20%2C%20which%20will,auctioned%20to%20provide%20market%20liquidity)

## 4.2 Alternative fuels

### • Alternative Fuel Infrastructure

In March of 2023, a political agreement was reached between the European Parliament and the Council on an ambitious **alternative fuel's infrastructure law**. The new regulation would enforce targets for electric recharging and hydrogen refueling infrastructure in roads, maritime ports, inland waterway ports, and stationary aircraft across the EU. This move addresses consumer worries about vehicle recharging/refueling accessibility and aims to create a user-friendly experience with transparent pricing, consistent payment options, and unified customer information throughout the EU. It includes provisions according to which for every registered battery-electric car in each member state, a power output of 1.3kW must be provided by publicly accessible recharging infrastructure.<sup>32</sup>

### • ReFuelEU aviation initiative

Also regarding transportation, the Council and the European Parliament reached a provisional political agreement in April 2023 on a **proposal designed to reduce carbon emissions in the aviation sector** and to create a level playing field for a sustainable air transport in April 2023. This proposal's objective is to enhance the demand for and availability of sustainable aviation fuels (SAF), while concurrently ensuring uniform conditions within the EU air transport market. Its aim is also to align air travel with the EU's climate objectives for 2030 and 2050. It intends to address the existing challenges that have impeded SAF development, including limited supply and considerably higher costs in comparison to traditional fossil fuels.<sup>33</sup>

### • Regulation on fuels for the maritime sector

Debates on **Fuel EU Maritime**<sup>34</sup> have ended, as the Council and the Parliament adopted on July 25<sup>th</sup>, 2023, a new law to decarbonize the maritime sector. Following the Parliament's recommendations, it required a more stringent reduction in the greenhouse gas intensity of energy used on ships

than the Commission. These reductions have a first deadline of 2035 with 20% by that year, 38% from 2040, 64% by 2045, and 80% by 2050. The report also proposes a target of 2% for the use of non-biological renewable fuels starting from 2030, the establishment of an Ocean Fund is recommended to enhance ships' energy efficiency and support investments that aim to decarbonize maritime transport.<sup>35</sup>

## 4.3 Reduction of emissions from the road sector

Cars and vans account for about half of global transport carbon dioxide emissions<sup>36</sup>. The decarbonation of the sector is both an opportunity in terms of reduction of pollution, and for the finance sector, as the important and fast changes will require massive investments.

### • Regulation on emissions from cars and vans

**Emissions from Cars and Vans**<sup>37</sup> were finally agreed after last minute discussions with Germany which was threatening to withdraw from the agreed political agreement. In comparison to the CO<sub>2</sub> emission targets applicable in 2021, the emissions of new passenger cars registered in the EU must be lowered by 55%, while new vans must exhibit a 50% reduction in emissions. By 2035, new passenger cars and vans must exhibit a 100% reduction in CO<sub>2</sub> emissions, meaning all new vehicles must have zero emissions. The incentive for low and zero-emission vehicles will no longer apply from 2030. The compromise finally reached with Germany will allow the sale of internal combustion engines after 2035 if they run on e-fuels. The regulation was adopted in April 2023.<sup>38</sup>

### • Regulation on CO<sub>2</sub> emissions for new trucks and urban buses

On January 18<sup>th</sup>, 2024, the European Parliament and the Council agreed on a provisional political agreement **strengthening CO<sub>2</sub> emissions standards for new duty vehicles**. The agreement set ambitious targets for emissions of HDVs,

32. Press corner. (s. d.-d). European Commission – European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_1867](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_1867)

33. Council and Parliament agree to decarbonize the aviation sector. (2023, April 25). European Council. <https://www.consilium.europa.eu/en/press/press-releases/2023/04/25/council-and-parliament-agree-to-decarbonise-the-aviation-sector/>

34. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC. Link: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2021:562:FIN>

35. Fuel EU maritime initiative: Council adopts new law to decarbonize the maritime sector. (2023, July 25). European Council. <https://www.consilium.europa.eu/en/press/press-releases/2023/07/25/fueleu-maritime-initiative-council-adopts-new-law-to-decarbonise-the-maritime-sector/>

36. Fleck, A. (2023, 22 September). Cars cause biggest share of transportation CO<sub>2</sub> emissions. Statista Daily Data. <https://www.statista.com/chart/30890/estimated-share-of-co2-emissions-in-the-transportation-sector/#:~:text=Cars%20and%20vans%20accounted%20for,laden%20mode%20of%20transport%20worldwide>

37. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2019/631 as regards strengthening the CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition. Link: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52021PC0556>

38. CO<sub>2</sub> emission performance standards for cars and vans. (n.d.). Climate Action. [https://climate.ec.europa.eu/eu-action/transport-emissions/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans\\_en](https://climate.ec.europa.eu/eu-action/transport-emissions/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans_en)

putting the bar at -45% for 2030-2034, -65% for 2035-2039 and -90% as of 2040, compared to 2019 levels. The scope of the regulation was also increased, in order to include almost all trucks, urban buses, long-distance buses and trailers. Under this agreement, new urban buses will have to reduce emissions by 90% as of 2030 and have zero-emissions by 2035<sup>39</sup>.

## 5. Nature preservation and restoration

Biodiversity in the EU is rapidly declining, due to pollution (both by gases and through the release of chemicals in nature), climate change, habitat loss and the proliferation of invasive species<sup>40</sup>. The European Union today estimates up to 80% of its habitats to be in poor condition. Through different measures, the EU aims to restore and to protect natural environments and species.

### 5.1 Nature restoration law

In November 2023, a political agreement was reached on the **Nature Restoration Law** between the co-legislators after a strong fight of the EPP (European People's Party) group in the European Parliament against the proposal of the European Commission, which was softened and adopted by a tight vote at the European Parliament. This law proposes a restoration objective for at least 30% of the EU's deteriorated land and sea areas by 2030, and 90% of its ecosystems in need of restoration by 2050. It includes targets such as reversing the decline of pollinator populations by 2030, achieving an upward trend for standing and lying deadwood, uneven-aged forests, and the stock of organic carbon, increasing grassland butterflies and farmland birds in order to enhance the stock of organic carbon in cropland mineral soils, or restoring marine habitats such as seagrass beds or sediment bottoms that offer climate change mitigation<sup>41</sup>.

### 5.2 Other acts regarding nature preservation and biodiversity

#### • Delegated Act on chemical hazard classes

In 2022, the Commission published a **delegated act concerning new chemical hazard classes**<sup>42</sup>, and determining the classification, labelling and packaging of substances and mixtures, notably endocrine disruptors. It seeks to ensure an important level of protection of human health and the environment. This comes as a revision of the regulation on the Classification, Labelling and Packaging of Substances and Mixtures (CLP)<sup>43</sup>, which entered into force in January 2009.

#### • Regulation on land use and forestry

The **regulation on land use, land use change and forestry (LULUCF)** was revised in 2023 for the period up to 2030<sup>44</sup>. It aims to reverse the current trend of declining removals in the land sector, to deliver 310 million tons of CO<sub>2</sub> equivalent (MtCO<sub>2</sub>e) removals from the LULUCF sector by 2030 and make it neutral by 2035. Starting in 2026, the sector must achieve a net removal of emissions, and each member State will be responsible for a specific number of removals to be accomplished by 2030. The revised regulations include more stringent reporting guidelines, increased transparency, and a review process by 2025 to ensure compliance. Between 2026 and 2029, if reporting indicates insufficient progress towards their national targets, Member States may face an extra penalty of 8% on their 2030 removal target.<sup>45</sup>

#### • Regulation on deforestation-free products

In May 2023, the regulation on **deforestation-free products** was adopted<sup>46</sup>. The proposal establishes a responsibility of reasonable care on operators who sell certain commodities or products within the EU market or export them outside the EU. The primary catalyst for these procedures is the increase in agricultural territory, which is associated with the manufacturing of goods like soy, beef, palm oil, timber, cocoa, coffee, rubber,

39. Press corner. European Commission - European Commission. (2024, January 18). [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_287](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_287)

40. Restauration de la nature. (2023, 10 novembre). Conseil Européen. <https://www.consilium.europa.eu/fr/policies/nature-restoration/>

41. The EU # Nature Restoration Law. (2023, 19 décembre). Environment. [https://environment.ec.europa.eu/topics/nature-and-biodiversity/nature-restoration-law\\_en](https://environment.ec.europa.eu/topics/nature-and-biodiversity/nature-restoration-law_en)

42. Commission Delegated Regulation (EU) .../... of 19.12.2022 amending Regulation (EC) No 1272/2008 as regards hazard classes and criteria for the classification, labelling and packaging of substances and mixtures. Link: [https://eur-lex.europa.eu/resource.html?uri=cellar:7f8116e9-7fc3-11ed-9887-01aa75ed71a1.0016.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:7f8116e9-7fc3-11ed-9887-01aa75ed71a1.0016.02/DOC_1&format=PDF)

43. EUR-LEX - 02008R1272-20221217 - EN - EUR-LEX. (s. d.). <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R1272-20221217>

44. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry, and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review. Link: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52021PC0554>

45. Land use sector. (n.d.). Climate Action. [https://climate.ec.europa.eu/eu-action/land-use-sector\\_en#:~:text=Environment%20Agency%2C%202022-,EU%20rules%20on%20land%20use,use%20change%20and%20forestry%20\(LULUCF\)&text=The%20LULUCF%20Regulation%20was%20revised,CO2%20equivalent%20by%202030.](https://climate.ec.europa.eu/eu-action/land-use-sector_en#:~:text=Environment%20Agency%2C%202022-,EU%20rules%20on%20land%20use,use%20change%20and%20forestry%20(LULUCF)&text=The%20LULUCF%20Regulation%20was%20revised,CO2%20equivalent%20by%202030.)

46. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010. Link: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52021PC0706>

and certain items derived from them, including leather, chocolate, tires, and furniture. As a significant economic entity and consumer of these deforestation and forest degradation-associated commodities, the EU shares a portion of the responsibility for this issue and is striving to take a leading role in addressing it. The objective is to ensure that the goods have been manufactured in compliance with the legislation of the country of production and that the land used for production has not undergone deforestation or forest degradation after 31 December 2020.<sup>47</sup>

- **Common Fisheries Policy (CFP)**

A preliminary accord has also been reached concerning **updated regulations aimed at preventing overfishing**. The revision of the fisheries control system modernizes the approach to monitoring fishing activities, ensuring that both EU vessels and those operating within EU waters adhere to the guidelines laid out in the Common Fisheries Policy (CFP). The principal amendments to existing regulations governing fishing vessel control are the revision of the sanctioning system, an enhanced traceability along the supply chains, and the obligation of reporting of their catches for individuals engaging in recreational fishing for specific species.<sup>48</sup>

## 6. Circular economy

### 6.1 Regulation on batteries and waste batteries

On July 28<sup>th</sup>, 2023, the EU official journal published the **regulation on batteries and waste batteries**<sup>49</sup> which sets compulsory standards for all batteries that are introduced in the EU market. Starting from 2024, there will be a gradual implementation of sustainability requirements, and extended producer responsibility provisions will begin to be enforced in mid-2025. By the end of 2027, the minimum collection targets for waste portable batteries will be established at 63%, and this figure will increase to 73% by the end of 2030, specific collection targets for waste light means of transport batteries will be introduced, with a target of 51% by the end of 2028 and 61% by the end of 2031. Lastly, there will be a material recovery

target of 50% for lithium, which will be set by the end of 2027, and this target will increase to 80% by the end of 2031. The objective of the new regulations is to advance a circular economy by overseeing batteries across their complete lifecycle. As a result, the regulations set forth stipulations for the end-of-life phase, encompassing objectives for collection and responsibilities, as well as targets for material recovery and extended accountability for producers<sup>50</sup>.

### 6.2 Regulation on waste shipments

In November, a political agreement was also reached on the future **Regulation on Waste Shipments**. The agreement aims to enhance waste recovery and reuse while ensuring that exported waste does not harm the environment or human health. Notable provisions include a ban on internal EU waste disposal, with exceptions subject to stricter conditions as previously. Intracommunity transfers for recycling will require prior notification and informed consent. The regulation also introduces the digitization of information exchange on waste transfers. It prohibits EU member states from exporting waste for disposal to third countries and exporting hazardous waste for valorization to non-OECD nations. The agreement addresses the exportation of plastic waste, forbidding it for non-OECD countries and enforcing stricter conditions for export to OECD countries<sup>51</sup>. It was voted in the Parliament at the beginning of January 2024.

## 7. Legislative proposals under discussion

More than 30 texts have now been the object of a political agreement or have entered into force. What remains at stake are the texts that have been announced by the Commission but have yet to be approved by the other European institutions.

### 7.1 The Green Deal Industrial Plan

Numerous proposals of the **Green Deal Industrial Plan** were introduced in March 2023, but have yet to be the object of a political agreement between the co-legislators.

47. Regulation on deforestation-free products. (N.d.). Environment. [https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products\\_en](https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en)

48. Council strikes deal on new rules to combat overfishing. (2023, May 31). European Council. <https://www.consilium.europa.eu/en/press/press-releases/2023/05/31/council-strikes-deal-on-new-rules-to-combat-overfishing/>

49. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL concerning batteries and waste batteries, repealing Directive 2006/66/EC, and amending Regulation (EU) No 2019/1020. Link:<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52020PC0798>

50. Council adopts new regulation on batteries and waste batteries. (2023, July 10). European Council. <https://www.consilium.europa.eu/en/press/press-releases/2023/07/10/council-adopts-new-regulation-on-batteries-and-waste-batteries/>

51. Waste shipments: Council and Parliament reach agreement on more efficient and updated rules. (2024, 3 janvier). European Council. <https://www.consilium.europa.eu/en/press/press-releases/2023/11/17/waste-shipments-council-and-parliament-reach-agreement-on-more-efficient-and-updated-rules/>



- **Net-Zero Industry Act**

The European Commission proposed the **Net-Zero Industry Act** in March 2023. It is set to enhance competitiveness and resilience while accelerating net-zero technology development. As such, the act categorizes technologies, with strategic ones set to receive additional benefits. The technologies listed include solar, renewables, batteries, and carbon capture. The proposal sets a benchmark for the manufacturing capacity of the strategic net-zero technologies to at least 40% of the EU's annual deployment needs by 2030 and targets 50 million tons of CO<sub>2</sub> storage capacity.

To further develop these technologies, the act establishes Net-Zero Academies for skills development, aiming to train 100,000 learners in each technology within three years of their establishment.

The creation of the Net-Zero Europe Platform will aim to foster collaboration and advice on financing for strategic projects, while the Net-Zero Industrial Partnerships should promote global adoption of net-zero technologies<sup>52</sup>.

- **Critical Raw Materials Act**

Also in March, the **Critical Raw Materials Act** was presented. It seeks to ensure the EU's access to "a secure, diversified, affordable, and sustainable supply of critical raw materials." Internal actions under the act include updating the list of critical and strategic raw materials, supporting strategic projects, and promoting research, innovation, and skills. The act also focuses on circularity and sustainability, with requirements for waste collection and recycling. Internationally, the EU plans with this act to diversify its critical raw material imports, strengthen global engagement, and combat unfair practices<sup>53</sup>.

## 7.2 The greening freight transport package

In July 2023, the European Commission proposed the **Greening Freight Transport Package**, a set of measures in order to make freight transport more efficient and more sustainable, aligning with the Green Deal's target to reduce transport emissions by 90% by 2050. The proposition aims to optimize rail infrastructure use, improve intercountry coordination and increase reliability, ultimately attracting freight companies to rail. The proposal also addresses the use of heavier vehicles in cross-border traffic and encourages intermodal transport.

A proposition for a methodological approach to calculate greenhouse gas emissions is also proposed, enabling operators to benchmark services, while providing consumers with more informed choices.

## 7.3 Regulation on packaging and packaging waste

In December 2023, the European Council adopted its negotiating position on new rules for more sustainable packaging in the EU, on the **Regulation on packaging and packaging waste**. The proposal establishes requirements to ensure that packaging is safe and sustainable, requiring notably that all packaging is recyclable and that substances which have been described as "substances of concern" are minimized in packaging. In order to reduce waste, the proposal sets re-use targets for packaging, restricting the use of certain types of single-use packaging and requiring companies to minimize the packaging used. The proposal also aims to ensure that packaging is collected, sorted and recycled once the packaging becomes waste.

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## CONCLUSION

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Because of the next European elections, and as the Belgian presidency of the European Union begins, time is running out for the current Parliament to pass more Green Deal legislations.

- **The Green Deal legislative programme has been a success so far:** more than 30 texts have already been adopted since 2021, almost all in line with the ambitions announced by the European Commission.

These regulations combine objectives and standards to be met according to a timetable. Many of those laws already have **a real economic impact**, as seen for instance in the rapid growth of electric vehicles.

There have however been declarations by the industries concerned, notably in the aviation and the automobile sector, which show that there will be challenges to reach the objectives set out by the regulations.

More recently some regulations were adopted by a slight majority, like the nature restoration law, and only after striking down some of their most strict clauses. To this day, no significant green proposal has been adopted in the agricultural sector.

52. The Net-Zero Industry Act. (s. d.). Internal Market, Industry, Entrepreneurship and SMEs. [https://single-market-economy.ec.europa.eu/industry/sustainability/net-zero-industry-act\\_en](https://single-market-economy.ec.europa.eu/industry/sustainability/net-zero-industry-act_en)

53. Press corner. (s. d.-d). European Commission - European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_1661](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1661)

- **The implementation of the Green Deal will be progressive in the coming years and its real impact will then have to be assessed.**

There have been recently a growing anti-green backlash in some European countries contributing to the increase of extreme right votes. The European People Party, which has the most important group in the European Parliament, recently showed an opposition to some Green Deal proposals, in line with this evolution. In this context, **the next European elections will be a test on the Green Deal.** It seems improbable that the implementation of the regulations already adopted can be stopped, but amendments on objectives, standards and timetable are always possible and above all the continuation of the Green deal, through adoption of new objectives for 2040 and eventual new regulations, will have to be defined.