Green Deal Watch

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Unveiling the future of the Green Deal

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About the Green Deal Watch

The "Green Deal Watch" was launched in 2020 by the Istituto Affari Internazionali (IAI) with the support of Edison. The aim of the project is to follow the evolution of the ambitious and cross-cutting "European Green Deal" strategy towards climate neutrality launched by the Von der Leyen Commission in December 2019. The "Green Deal Watch" follows the "Energy Union Watch" that IAI has published from 2015 to 2019 to monitor the evolution of the energy and climate policies under the previous legislature. The multiple ramifications of the Green Deal will now be read along four dimensions – 'driving the green deal', 'greening industry', 'supporting the transformation', 'strengthening security and diplomacy'. IAI will cover the debate among national and European stakeholders and report the key dynamics in order to help the reader better navigate the challenges and opportunities of the implementation of the European Green Deal (EGD). The Watch is produced on a quarterly basis, collecting official documents, public information and open source data, which are processed and analysed by the IAI team.

About IAI

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation, focusing on topics such as European integration, security and defence, energy and climate policies, as well as key regions such as the Mediterranean, the Middle East, Asia, Eurasia, Africa and the Americas. The IAI publishes an English-language quarterly (The International Spectator), an online webzine (AffarInternazionali), three book series (Global Politics and Security, Quaderni IAI and IAI Research Studies) and other paper series related to IAI research projects.

https://www.iai.it/en/

About the authors

Margherita Bianchi is the Head of the Energy, Climate and Resources (ECR) Programme of IAI.

Lorenzo Colantoni is Researcher in the ECR Programme of IAI.

With the contribution of **Virginia Remondino,** trainee in the ECR Programme of IAI

With the support of Edison

About this report

This is the fifth issue of the Green Deal Watch, a quarterly report produced by the Istituto Affari Internazionali (IAI) with the support of Edison. This publication aims at monitoring and analysing the initiatives launched by the European Commission and discussed by the EU institutions and Member States under the umbrella of the Green Deal.

This Green Deal Watch will cover the new, greater range of topics anticipated by Commission President Ursula von der Leyen to achieve climate neutrality by 2050. We present a general analytical Foreword at the beginning of each publication, followed by the in-depth monitoring of Green Deal activities, divided according to a breakdown revolving around a set of four dimensions, designed to match the guidelines so far expressed by the von der Leyen Commission.

These are:

- **Driving the Green Deal,** which will look at the macro areas of Energy and Transport. It will analyse the technological and policy evolution for renewables, sustainable mobility, and green gases and hydrogen, with a strong focus on the energy market (both for gas and electricity) and energy efficiency.

- **Greening industry,** which will observe and discuss the reconversion of industry and of energy-intensive sectors in particular, with specific attention to the role of digitalisation, the upscaling of new technologies, R&I&D (Research, Innovation and Deployment) and circularity.
- **Supporting the transformation,** which will focus on energy governance, EU financing and funds, the Just Transition Mechanism and the repositioning of institutions such as the European Investment Bank (EIB).
- **Strengthening security and diplomacy,** which will tackle energy diplomacy aspects with specific attention to the Mediterranean, Africa, Russia, Asia and the US, as well as climate security and diplomacy and the role of the EU as a leader in the fight against global warming.

These four dimensions are followed by an in-depth section, where we will cover different kinds of content in each issue. This time we look at the opinion of Francesco La Camera, Director-General of the International Renewable Energy Agency (IRENA), in an interview published after the analysis of the four dimensions. A Roadmap of initiatives envisaged under the European Green Deal concludes this report.

This Green Deal Watch aims at providing continuity to the analysis produced in the 16 issues of the Energy Union Watch (available here), the quarterly publication IAI dedicated to the Juncker Commission, which covered the whole five years of activities.

Foreword

Unveiling the future of the Green Deal

It is a now or never moment for the EU's green transition. The Fit-for-55 package, published in mid-July, offers a level of ambition and a vision that the Union will hardly match in future if the Commission doesn't reach the bold objectives of its proposal. The EU is indeed the first actor to turn the net-zero vision into real-world measures. It will be not be easy: not only does the package significantly raise the Union's level of climate ambition, it also touches on topics that are particularly sensitive for the European public, such as heating and transport. It therefore risks stirring up opposition not only from countries that have a long track-record in fighting ambitious climate legislation, such as Poland, but also from countries that approve the EU's net-zero objective, such as France. The idea of carbon taxes will also put the EU on thin ice towards trading partners (such as the US and China), with which there are already sticking points on trade. Yet, such a complex proposal is much needed, as it provides the fundamental background to direct the enormous amount of post-COVID funding that will be available to member states in the next years towards the energy transition. The package also marks an extension of the Commission's climate and environmental action to sectors other than energy and industry. In this sense, the Fit-for-55 package is indeed an important tool to achieve the wide, encompassing Green Deal vision that the von der Leyen Commission has been developing in the past two years: the key will now be to defend the core ambitions of the package in the upcoming round of negotiations with the European Parliament and member states.

Fit-for-55 is a comprehensive set of 13 proposals, eight revising older legislation and five new ones. The stated goal is to offer policies which will align the EU's action to the target of 55 per cent emissions reduction by 2030, upgrading its previous objective of 40 per cent in order to achieve the legally binding objective for the Union to reach climate neutrality by 2050. Indeed, it is estimated that current policies would only allow a 60 per cent reduction by 2050. The proposals touch on key aspects of the EU climate policy: the Renewables Directive, the Effort Sharing Regulation, the EU Emission Trading System, the Regulation on Land Use, Forestry and Agriculture, energy efficiency, transports and the Carbon Border Adjustment Mechanism (CBAM). The latter (and the related removal of free allowances foreseen by the Emissions Trading System revision) is a much-disputed idea that the von der Leyen Commission has been proposing since its start. Other "Fit-for-55" revision proposals (one concerning the Hydrogen and Decarbonised Gas Package and the other the Energy Performance of Buildings Directive) are still to be presented (by the end of the year according to the European Commission's plans).

Its comprehensiveness is however not one of its breakthrough elements, this already being a feature of other packages, such as the Energy Union's Clean Energy for All. Fit-for-55 first proposes a more coherent approach to EU climate policies: it increases the level of ambition of the EU Emissions Trading System (ETS) by lowering caps and extending its range, while at the same time offering a greater integration of emissions reduction between ETS and non-ETS sectors – some, such as buildings, will be partially covered by both, for instance. While increasing the Renewable Directive target to 40 per cent in a key moment for the sector (considering, for instance, the blossoming offshore wind industry), it also delivers a promising target for energy efficiency: it requires a minimum of 3 per cent of public buildings to be renovated each year, an objective that many regarded as one of the missing elements of the Renovation Wave strategy.

Most of all, Fit-for-55 affects sectors that the EU energy and climate policy rarely dared to address, largely due to the political obstacles the Commission would have faced (and will most likely face on this occasion). The most prominent are the building and transport sectors which, in the package's proposal, will have to be covered by a parallel ETS before being potentially included in the ETS. The de-facto ban on the sale of combustion engine cars by 2035 and an increased focus on low emission fuels for aviation are also particularly delicate for many member states. Countries such as France, which experienced the strong opposition of the Yellow Vests movement to such policies, fear that the social impact of these measures on large strata of the population will trigger a conflict which will ultimately make them unfeasible. Such a concern is shared by many across the right and the left, both in the European and national parliaments, who are afraid that costs will be passed through by companies. This would lead the cost of the transition to be ultimately paid by citizens. The Commission has already addressed this issue, proposing a Social Climate Fund, funded by 25 per cent of ETS revenues (estimated to be 72.2 billion euro for the 2025–32 period), which will aim at protecting the most fragile people and communities. It is not clear, however, if this will be enough to shield consumers from the direct increase in costs they will face. Balancing the imperatives of affordability and sustainability of the transition is not easy. The high volatility and price rally witnessed in recent weeks remind us once again of the profound transformation that the energy system is undergoing and the need to ensure an orderly transition.

The social issue is not the only delicate topic in the package, though. The revision of the Energy Taxation Directive, for instance, will likely trigger conflict, as the Commission proposes an EU-wide minimum level of taxation for fuels depending on their level of pollution. This is a move which many will probably consider an attack on their sovereignty or an attempt at an indirect transfer of power over taxation by the Commission – the reason that previous revisions of the Directive have failed over the past 18 years. The CBAM will also face opposition, yet in this case on the international level: the measure will apply the ETS price of emissions to imported goods coming from countries with lower environmental standards, to avoid unfair competition and the displacement of production outside Europe ("carbon leakage"). This has already received mixed responses, with many developing countries labelling it a protectionist measure, and China explicitly calling it a violation of WTO rules. The risk is that the negotiations will slow the adoption of the Mechanism, which will in any case only cover a small set of goods, thus limiting its impact.

Despite all troubles and doubts, Fit-for-55 is the package Europe needs to fully embrace the climate ambition it has declared over the years, and to turn it into reality. It first confirms the willingness to move from a climate action which has been focused for almost a decade on energy generation (and, to a lesser extent, on industry) to the whole economic and social apparatus of the EU. It is not by chance that in the last years transport emissions have increased while overall emissions have decreased. Fit-for-55 also extends to sectors which have so far been on the sidelines of the EU climate mitigation discourse; this is the case for agriculture, for instance, but also for forestry. The proposal for a new Forestry Strategy has already started a heated debate over the real sustainability of the European forestry industry and of the national forest conservation strategies. The reforestation of the continent has frequently been matched by an unsustainable management that often threatened ecosystems and offered only a limited reduction of emissions, as in the cases of Sweden and Finland. Ultimately, the package not only fully provides the tools the current Commission has been debating over these two years, but also supplies measures that, in one way or another, will directly affect the everyday life of European citizens, moving the climate debate from the realm of long-term, abstract goals, to practical and short- to medium-term measures.

Proposing the trajectory and targets is however the easiest part. Approval and implementation are the hardest and decisive parts. The publication of these plans by the Commission is just the start of what is bound to be fraught negotiations between the Council and the European Parliament on the several proposals. The legislative process between the two co-legislators and then inter-institutional negotiations for the definition of the compromise texts on the proposals ("trilogues" between representatives of the Parliament, the Council and the Commission), and their subsequent go-ahead, will start now. The journey will be slow and complex: the first approvals will not be formalised before 2023 and some of the Commission's proposals might be heavily amended or rejected altogether.

While Fit-for-55 has been the centrepiece of the Brussels energy and climate debate in the four months considered by this Watch, it was clearly not the only novelty. In June, the EU Climate Law (Regulation 2021/1119) was finally adopted, after successful negotiations between the Council and the European Parliament. This was indeed the basis for the Fit-for-55 package, but its approval was not to be taken for granted, as the EP sought a 60 per cent more ambitious target, compared to the 55 per cent target that has been adopted.

The EU has also advanced the approval of different tools of climate funding: on 7 June the Council gave its green light to the 7.5 billion euro of the Just Transition Fund – which, despite its significant reduction compared to the original vision of the Commission, still remains a key element of the Green Deal in mitigating the social cost of climate action. The focus on the transition to a net-zero economy is also reflected in the newly approved Cohesion Package for 2021–2027: the 330 billion euro adopted by the Council in May will have to be dedicated at least 30 per cent to decarbonisation, while respecting the "do no significant harm" principle. Meanwhile, 18 Recovery and Resilience Plans have been presented to and assessed by the Commission; the evaluation by the Commission and by some analysts already show positive coherence between the proposals and the EU vision of the Next Generation EU instrument.

Finally, the summer has seen the adoption of the Council's compromise position on the revision of the Trans-European Networks for Energy (TEN-E) regulation. The Council has proposed to soften some of the Commission's hardline proposals, notably by recognising the role of natural gas (infrastructure) in the transition and the importance of connecting isolated regions and member states (Cyprus and Malta) to the EU internal gas market. In September, the Industry, Research and Energy Committee of the European Parliament has also reached a compromise position on the proposed revision of the TEN-E regulation. Its position is somewhere in between the Council's and the Commission's when it comes to natural gas (a transitional period is foreseen but project promoters are required to make concrete steps to convert infrastructure to hydrogen).

The new proposals have also been preceded by quite a lot of work on some of the areas the package addresses, particularly agriculture, yet with mixed results. The sector has been indeed at the centre of the heated negotiations for the reform of the Common Agricultural Policy (CAP), one of the EU's most delicate policies and the subject of harsh negotiations between the Council, the European Parliament and the Commission at least since November 2020. The provisional agreement was reached in June and followed a failed round of negotiations in May, but still left many unsatisfied; while the reform has successfully integrated a new social component – which, in light of the Fit-for-55 proposal, seems much needed – it has however largely watered-down proposals for environmental protection. Environmental groups such as the European Environmental Bureau, Birdlife and Greenpeace highlighted the strong support the CAP still offers to intensive agriculture and its still unsustainable impact on biodiversity and ecosystem, and the reform indeed does not seem to match the level of ambitions of other EU proposals, such as the new Biodiversity Strategy. In these months, MEPs have indeed strongly supported the idea of binding targets for the protection of biodiversity, hoping to give more teeth to the vision the Commission has expressed on conservation over the past year.

Climate diplomacy has advanced, despite obstacles. Great expectations arose for the G7, triggered by Biden's willingness to bring the US back onto the climate scene – as he expressed in the Leaders Summit on Climate he organised in April – and by the need of British Prime Minister Boris Johnson to prepare for COP26, which will be co-organised by the UK. While the G7 members confirmed their commitment to the 1.5 degrees goal, the group struggled to find a common position on the end of coal use. This was tough particularly due to the position of Japan, which however announced it will tighten its rules on support for exports of new coal power plants, in line with a pact by the G7 to halt new government backing for "unabated coal power" by the end of 2021. Despite several key advancements on other fronts (see section 4 for more), as expected the G20 missed the opportunity to commonly sustain the 1.5 degrees target – which now will have to be discussed at the G20 summit in Rome in October, just one day before COP26 starts. However, the G20 has taken important steps to respond to immediate liquidity needs and tackle debt vulnerabilities in developing countries, which is an important step in creating the basis for discussion on the several open fronts.

Nevertheless, the Fit-for-55 card has put the EU in a much more solid position on the level of climate diplomacy: the ambitious package has dwarfed similar moves made by the US and China in the last few months, consolidating the EU climate leadership. Furthermore, it has further proposed a different approach for decarbonisation – wider and more practical – which could be again set as an example for developed and possibly developing countries (as it happened, for instance, with the Green Deal, which was mirrored in many of the American and Chinese policies of the past two years). The challenge for the Union is now to consolidate its position on the domestic level, in order to present itself as a compact bloc and exploit the leap proposed by the Fit-for-55 package in terms of soft power: a chance the Union should fully exploit, considering the looming tensions not only with the US and China, but also with the conference host, the UK.

Dimension 1

Driving the Green Deal

Fit-for-55 aims to profoundly change the way we consume energy, and consequently the package touches upon all EU emitting sectors, including sectors where reform is politically sensitive. Transport and buildings are strongly affected sectors as they have typically been among the least affected by EU decarbonisation policies to date, but still account for around 22 per cent (transport) and 35 per cent (buildings) of EU emissions. The EU's innovative decision to set a target for the share of renewables has worked in the past (e.g., the 2020 targets) but with considerable variation in take-up. Whereas the electricity sector achieved 34.1 per cent renewable energy sources (RES) share in 2019, the RES share amounted to 22.1 per cent in the heating and cooling sector and just 8.9 per cent in the transport sector. A rapid acceleration in efforts to boost the production of electric vehicles is also in sight, as the Commission has proposed an end date for the internal combustion engine from 2035, mandating 55 per cent fleetwide CO_2 emissions cuts by 2030. Also airlines may lose a tax break on jet fuel while having to use more non-petroleum alternatives and pay a bigger emissions bill, according to the new proposals – creating foreseeable tensions between representatives of European carriers and environmental groups. The Alternative Fuels Infrastructure Regulation, CO_2 emissions standards for cars and vans, and the initiatives for sustainable aviation and maritime fuels are also closely intertwined with energy policy. Besides the novelties from the July Package, in these months the Council also reached a general approach on the revision of the TEN-E Regulation – relaunching the debate over gas and infrastructures.

Fostering an integrated and efficient energy system

IIn line with the EU Energy System Integration strategy, Fit-for-55 addresses barriers to specific technologies that are key to a more integrated circular energy system – e.g., district heating – and promotes the use of cleaner options in the transport, heating and cooling sectors, other than looking at areas that are difficult to electrify. Climate neutrality will first of all require increasing amounts of renewables. The revision of the Renewable Energy Directive (RED) has been attracting interest in recent months. The Commission's proposal sets a target of 40 per cent RES in final energy consumption by 2030, up from the previous target of 32 per cent, and seeks to enable the Union's energy systems to become more flexible, making it easier to efficiently integrate RES into the grid.

Removing obstacles to cleaner options

Overcoming the financial, regulatory and infrastructural barriers will be key to achieving the aims of the new RED. On permitting provisions, as a follow-up to the 2018 directive, the proposal requests member states to provide enhanced reporting on the removal of bottlenecks in the authorisation process and a review clause by 2024. To further support member states' progress in renewables deployment, the Commission will consider issuing guidance with best practices on permitting in the course of 2022. However, many stakeholders lament that the revision does not do enough to address permitting (i.e., it could have imposed more stringent rules on member states to ease permitting) and that slow permitting will be a major stumbling block in reaching increasingly ambitious targets.

On the other hand, the RED proposal contains useful provisions to facilitate Power Purchase Agreements and introduces an EU labelling methodology for industrial products produced using RES, which will support consumer-driven uptake of these products. Finally, there is also a new obligation to have a cross-border pilot project on RES.

New rules are also proposed to strengthen the sustainability criteria for forest biomass used for energy production in the EU, in a way that is consistent with the EU's biodiversity objectives.

The draft proposals give a significant boost to the development of the European hydrogen industry, supporting the uptake of renewable hydrogen where electrification is more difficult and introducing two binding sub-targets for the use of renewable hydrogen and its derivatives, respectively in the transport sector and in industry. Fit-for-55 proposals include a 50 per cent renewable share for hydrogen used in industry and a 2.6 per cent target for renewable fuels of non-biological origin in transport by 2030. In the Hydrogen Strategy published in 2020, the EU had also set a target of 40GW electrolyser capacity by 2030, aiming to produce 10 million mt/year of renewable hydrogen. In any case, the Hydrogen and Decarbonised Gas Package, which will contain more precise provisions on hydrogen, is not expected until December of this year.

Reducing the use of energy

The Energy efficiency Directive (EED), which sets a target for overall improvements in energy efficiency and the rate for building renovation, is also part of Fit-for-55. The previous targets included a 32.5 per cent improvement in overall energy efficiency by 2030 and the renovation of 3 per cent of all occupied buildings. With Fit-for-55, the proposed revision of the EED requires member states to collectively ensure that energy consumption is reduced by at least 9 per cent by 2030 compared to the 2020 reference scenario. This 9 per cent corresponds to 39 and 36 per cent energy efficiency targets for primary and final energy consumption included in the Climate Target Plans, but is measured against updated baseline projections. Even more importantly, energy efficiency targets are now proposed as legally binding, in an effort to increase the level of accountability and really reinforce efficiency, often left behind in the past years despite the "efficiency first" principle.

In the meantime, renovation is becoming a priority policy across Europe – almost all MS have long-term energy efficient renovation programmes in their recovery and resilience plans, contributing to job creation and economic stimulus. Also, EU energy ministers recently emphasised the need to at least double energy-related renovation rates by 2030 – while clearly taking into account national, regional and local circumstances when it comes to renovation and energy poverty.

Dimension 2
Greening Industry

For the European Union, a major importer and exporter, openness to trade and investment is key to its resilience and its growth. However, the pandemic has deepened and accelerated disruptions in supply chains and led to shortages of critical materials in Europe. Defining and improving the EU (open) strategic autonomy vision in key areas is becoming crucial for the bloc (currently one of the priorities of the Slovenian presidency) and the EU's 2020 Industrial Strategy has laid down a first foresight for that. In the meantime, the proposal for an EU Carbon Border Adjustment Mechanism (CBAM), the revision and expansion of the Emissions Trading Scheme (ETS) and its green finance frameworks under the Fit-for-55 adjustment schemes have sparked both cooperative and critical reactions from trade partners. Also, the UK's Emissions Trading Scheme has now gone live, replacing the country's involvement in the European Union's system after Brexit.

All eyes on carbon pricing: the revision of the ETS

The Emissions Trading System (ETS) has returned as the foundation of the EU's climate strategy. The legislative proposal would include emissions from maritime transport in the existing EU ETS. Emissions from the current EU ETS sectors (including the mentioned extension) would be reduced by 61 per cent by 2030, compared to 2005 levels, up from the current reduction target of 43 per cent. The proposal would establish a new, separate but adjacent ETS for fuels used in road transport and buildings from 2026 – a move that some have called "politically suicidal" because of its potential social consequences. To address the negative social repercussions of proposed measures, the Commission wants to introduce the Social Climate Fund (analysed in Dimension 3). The Commission presented separate legislative proposals for strengthening the ETS Market Stability Reserve and including aviation in the ETS. The level of ambition has also increased in the proposed revision of the Effort Sharing Regulation (from 30 to 40 per cent compared to 2005 levels), which covers sectors not covered by the EU ETS.

…and the proposal for a CBAM

To complement the ETS, the Fit-for-55 package foresees adding a carbon border adjustment mechanism (CBAM) to tax high-carbon imports. CBAM will be introduced as a pilot (i.e., not entailing payment but only reporting) in 2023 and will start being applied gradually from 2026 to 2036. From a relatively niche debate since the Green Deal launch in late 2019, this has become the most widely anticipated and debated part of the proposals now advanced by the EC, which sees it as a tool to avoid carbon leakage. The CBAM achieves this by creating a level playing field for emissions, by obliging producers in third countries as well as domestic ones (by removing the free allowances) to pay the EU ETS carbon price. The proposed industries are among the most emission-intensive such as iron, cement, steel, aluminium, ammonia, fertiliser and electricity. As a potential EU resource, revenues from CBAM will contribute to the EU's budget.

The CBAM proposal comes at a time of geopolitical tensions. Despite stronger openness to climate-friendly measures, the US has already signalled concerns about this proposal. The EU will also have to be careful to ensure compatibility with WTO rules. According to the first limited numerical evaluations, it is estimated by researchers that CBAM fees charged on imported Russian products would reach 442 million euro ($521.52 million) by 2026 and 1.884 billion euro in 2035 (when free carbon emission allowances in the EU are reduced to zero). By 2035 Ukraine and Turkey are expected to pay 870 million euro and 824 million euro respectively. China, the EU's biggest source of imports, has criticised the proposal, also because it is the world's top manufacturer of industrial raw materials, such as cement. Some however consider that the impact of CBAM on Chinese industry would fade over time and there is "no evidence" it would have a long-term adverse impact on growth.

Recasting the energy taxation

The Commission proposed a revision of the Energy Taxation Directive to align the taxation of energy products with EU energy and climate policies and remove outdated exemptions. The EU's ETD entered into force in 2003, does not make clear provisions for a growing portion of the changing EU energy mix and is now obsolete for what is to come in this and the next decades. Currently there is no link between the minimum tax rates of fuels and their energy content or environmental impact, and rules have also failed to keep pace with the development of cleaner sources. Certain sectors are also exempt from energy taxation in the EU (e.g., aviation). Adjusting the minimum levels of taxation to the carbon content of energy carriers, as proposed in the revision of the ETD, will make cleaner fuels financially more attractive according to the Commission.

Dimension 3
Supporting the Transformation

While the benefits of EU climate policies evidently outweigh the costs of the transition in the longer run, in the short term climate policies, if not designed properly, risk putting extra pressure on vulnerable citizens, small enterprises, energy and transport users, and households. It is thus of utmost importance that the backbone of today's policies in the Fit-for-55 package – fundamental to set the way forward for the next three decades – fairly distributes the costs of the transition and dampens as much as possible its social effects. This debate is becoming even more sensitive due to current circumstances of record-high energy prices that already risk hurting many citizens. Wholesale European power prices have doubled throughout the year, driven by soaring coal and gas prices, surging CO_2 prices and lower than usual renewable energy output, among other factors. Several countries and parties have highlighted concerns about prices escalating quickly. This will influence exchanges on politically sensitive debates in Brussels (such as on the ETS reform). As Members of the EP start discussing the proposals, there are indeed concerns over the possible implications that new climate policies may have on poorer households – a broadly shared concern in the EC cabinet as well.

The climate law is at the basis of the package

The adoption procedure for the climate law ended in late June under the Portuguese presidency, setting into legislation the objective of a climate-neutral EU by 2050 and a binding climate target of a reduction of net greenhouse gas emissions by at least 55 per cent by 2030 at the bloc level, compared to 1990. The Commission announced it considers an intermediate climate target for 2040 at the latest within six months after the first global stocktake under the Paris Agreement (2023). The European climate law establishes a European Scientific Advisory Board on Climate Change to provide independent advice and produce reports on EU measures, climate targets and indicative greenhouse gas budgets and their coherence with the climate law. The Commission will also engage with sectors of the economy that choose to prepare voluntary roadmaps towards achieving the Union's objective of climate neutrality by 2050, by monitoring their ideas and facilitating dialogue at the EU-level and sharing best practices among relevant stakeholders. The new intermediate 55 per cent 2030 target is clearly the objective for these broad adjustments ("Fit-for-55").

Making the transition socially acceptable

While the proposed Fit-for-55 architecture is impressive, in order to implement the Green Deal effectively, the EU should build shared ownership by fostering greater inclusion in everyday changes. Citizens and industries will increasingly begin to see the effects of the transition on their lives. Some proposed measures in the package have caused quite a stir among civil society and in institutions, as it would risk creating an economic burden on the most vulnerable consumers. The "Social Climate Fund", also part of the Fit-for-55 package, is designed to avoid the social externalities likely to arise from the new system of ETS for buildings and transport. The size of the Social Climate Fund will correspond to 25 per cent of the revenues from the auctioning of emission allowances under the new system and would provide funding to MS to support investments in increased efficiency of buildings, decarbonisation of heating and cooling, integration of the energy system, and improved access to low-emission mobility, especially benefitting vulnerable households, micro-enterprises or transport users. In certain cases, the Fund will also be able to finance temporary direct income support for households. The Commission's proposal would allocate a total of 72.2 billion euro (in current prices) to the Fund over the 2025–32 period. This will require amendments to the 2021–27 Multiannual Financial Framework (MFF) as well as the Own Resources Decision, in order to accommodate an additional 23.7 billion euro of EU spending over the 2025–2027 period.

Beyond Fit-for-55

In these months much has been going on at the institutional level to support the transformation beyond the Fit-for-55 package, which has clearly taken the centre stage. The Commission adopted the Action Plan for zero pollution in air, water and soil and has proposed a new strategy to protect and restore EU forests, while the Council has approved a strategy on climate change adaptation, in an effort for the EU to become climate resilient. The Council also gave the green light to adoption of the cohesion package for the financial period 2021–2027 and EU institutions approved the new LIFE Programme with a 5.4 billion euro budget. Importantly, the Council also adopted a regulation establishing a 17.5 billion euro Just Transition fund which will contribute towards making the green transition fair and inclusive.

What's more, in May the Own Resources Decision was ratified by MS and the Commission can now finance the recovery: in June the Commission raised 20 billion euro in its first transaction under Next Generation EU that helps build a greener EU – drafted or final plans from MS are now available, in many cases with the Commission's assessment and accompanying press material.

Dimension 4
Strengthening Security and Diplomacy

The most recent Intergovernmental Panel on Climate Change assessment released in August includes detailed projections of how climate change will affect different regions, with Europe being affected by several worrying trends. Temperatures in the continent are about to rise faster than the global average and the frequency and intensity of heat waves as well as wildfires are a matter of significant concern. Large implications are expected from the combination of urban development and frequent extreme climate events. Disasters like the deadly river flooding seen in Germany and Belgium this summer will become more common. Sea levels will rise everywhere in Europe except the Baltic Sea, cold days will become less common in Europe under all scenarios, and the melting of glaciers, permafrost and snow cover will continue. As COP26 approaches, this is an interesting time for EU diplomacy: as seen above, some Fit-for-55 measures have sparked reactions. To avoid damaging disputes, the EU has to maintain the right balance between advancing quickly with its measures and cooperating smoothly to speed up climate action towards Glasgow. No pathway to this goal is possible without the leadership of the G20 – countries that account for 80 per cent of emissions – whose leaders meet in Rome just the day before the start of COP26.

Alignments and misalignments in the G7/G20 fora

These were interesting months at the multilateral level. Several developments at the G20 level – under the Italian Presidency – were relevant to sustain core aspects of the Green Deal vision. In order to develop a common view of the challenges related to scaling up finance for supporting the goals of the Paris Agreement, the G20 agreed to create a permanent forum for international cooperation on sustainability issues. The G20 has taken important steps to respond to immediate liquidity needs and tackle debt vulnerabilities in developing countries, among others. In the meantime the UK-led G7 agreed to mandate climate reporting in line with the recommendations of the global Task Force on Climate-Related Financial

Disclosures, but stumbled on coal phaseout (promoted by the UK and the EU). G7 nations also agreed to increase their climate finance to meet an overdue spending pledge of $100 billion a year – although none of these 100 billion are not there yet. The G7 also pledged to work together to tackle carbon leakage, weeks before the CBAM was actually proposed – this will be an interesting thing to see in the next months. In the meantime, EU environment ministers are discussing preparations for the COP26 conference.

Looking east

The EU and Japan want to form a Green Alliance to accelerate the green transition of their economies, protecting the environment and conserving biodiversity. The cooperation could also facilitate the transition at the global level, by setting up regulatory tools and promoting funding and technical solutions to support third countries' efforts in this joint fight. Just days after the Fit-for-55 package, moreover, China launched its emissions trading system key to try to drive down climate change towards carbon neutrality in 2060. The average carbon price in China is only expected to float around $4.60 this year, and free pollution permits and token penalties for non-compliance would keep prices low, according to the first analyses. There are also concerns that lack of technical know-how and pressure from lobbies could slow down progress (coal and steel lobbies in particular). Yet, two months ahead of the Glasgow meeting, China has missed the UN 31 July deadline for submission of the revised Nationally Determined Contributions, and has yet to present a concrete policy path to become net-zero by 2060.

In these months, on a closer eastern front, the first tangible deliverable under the enhanced cooperation between the European Union and Ukraine in the areas of the Green Deal and industrial strategy has seen the light, with the aim of achieving a closer integration of raw materials and battery value chains. On another front, Kiev has been particularly worried lately because of the finalisation of the Nord Stream 2 gas pipeline, with Biden and Merkel trying to provide reassurance that there will be ways to reduce Moscow's influence. At the moment there is an agreement in place between Russia and Ukraine whereby Gazprom undertakes to send 40 billion cubic metres of gas through the Bratstvo pipeline (Ukraine). The agreement expires in 2024, and what will happen after that will also depend on supply contracts with Europe – which is currently dealing with a strong price rise.

In search of transatlantic harmony

US-EU trade frictions have been common in past years, but current scepticism from the US (following the carbon pricing announcements) is a significant hurdle to a coherent climate action, as this is the most important relationship now to create a structure for multilaterally addressing climate change. The EU knows this, and insists that it will not apply the carbon levy on countries that have the same level of ambition, in a particularly accommodating approach when it comes to the US. Commission Vice-President Timmermans also signalled that the US could avoid being hit by the tax because of its climate neutral by 2050 pledges.

IN DEPTH

Interview Francesco La Camera

Director-General, International Renewable Energy Agency (IRENA)

Countries around the world are increasingly adopting narratives centred around green industrial policies and the creation of renewable energy champions. Do you think that inter-state competition in renewable energy technologies and components can have positive effects for the energy transition or does it only pose threats to it?

Competition has brought numerous benefits to the energy industry over the years, including to the renewable energy sector. Over the last decade or so we have witnessed dramatic and sustained cost reductions in variable renewable energy technologies, such as solar photovoltaic (PV) and wind, largely a result of the competitive landscape and economies of scale. Just consider for a moment, over the last ten years the cost of electricity from utility-scale solar PV fell by 85 per cent, that of concentrated solar power (CSP) by 68 per cent, onshore wind by 56 per cent and 48 per cent for offshore wind. These are remarkable advances.

The result is that the energy transition is increasingly recognised as both socially beneficial and economically attractive. A renewables-based future is no longer seen as a luxury for wealthy countries, it is also a least-cost new power generation option for developing countries too. It also supports the achievement of energy access and the provision of an affordable and reliable supply.

In addition, we have seen renewable energy companies from countries across Europe and the world winning competitive bids for new utility scale tenders across borders. The renewable energy industry is a fully international one in which companies from opposite ends of the world can, and do, compete to deliver competitive projects. In this respect, the global marketplace for renewables is healthy.

That said, we recognise that some risks to geopolitical stability will remain in a post-fossil-fuel age of energy. Our first look at the geopolitics of the energy transition two years ago noted that while the shift from our current energy system characterised by scarcity and reliance to one of abundance and energy independence is positive, risks to geopolitical stability are still present. Therefore, opportunities need to be taken to establish new areas of energy cooperation, and imbalances in technology production and supply *need to be smoothed out.*

We often refer to the global pursuit of carbon neutrality as a race to net zero. The truth is we are not in a race against each other. This is purely a race against a warming planet and we either succeed together, or we fail together. No one country will own the energy future to the extent that fossil fuel exporters were able to dominate the energy system of the past. So on balance, the competition between states is largely a win for costs, a win for innovation and ultimately – hopefully – a win for humanity.

As part of the Fit-for-55 package, the European Commission published a proposed revision of the Renewable Energy Directive on 14 July. Do you think that this will have a remarkable or rather a limited impact on the European renewable energy sector, and in what ways do you think it might affect the sector?

The EU's Fit-for-55 climate and energy package is a positive step towards the achievement of the EU's energy transition ambition and further evidence of its leadership. I am convinced that "Fit-for-55" will foster economic growth, create jobs and drive competitiveness by providing a holistic policy frame in which European businesses can benefit from a first mover advantage on future global green markets.

It also speaks to the need for whole government approaches to decarbonised energy futures. The transition is about much more than switching fuel systems.

I commended the Commission for the package when it was announced, and I maintain that it will be the foundation from which the use of renewables in hydrogen production and its integration into end-use sectors, among other applications, will bring cost-effective climate solutions to transport, buildings and industry.

IRENA will work closely with the Commission and EU members in implementing Fit-for-55 through dedicated energy transition roadmaps to ensure the socioeconomic benefits are fairly distributed and the EU taps into the 96 million jobs potential that the energy transition will generate by 2030 globally.

Transportation is at the centre of a heated debate, also because of controversial European Commission proposals to prohibit the sale of internal combustion engine cars by 2035 and other legislative initiatives that are set to affect the sector. Do you think it is realistic to imagine a full electrification of the European car fleet in slightly more than ten years? Do you see the risk of unintended social consequences?

Firstly, it is important to differentiate between transformation of the car market and transformation of the whole car fleet. They are not the same thing.

A typical car stays on the road for about 15 years in Europe, so ending combustion engine car sales by 2035 means that the European car fleet *would not be fully electrified by 2035, but more realistically by 2050. Therefore, electrifying the entire car fleet by 2035 is not realistic in our view. What we believe is realistic, is a profound transformation of the car market within the next ten years led by ambitious policies such as this. In effect what it means is that by 2030, sales of combustion engine cars in Europe should be the exception rather than the rule.*

But let us take a step back for a moment. The time has passed for discussions about what is possible and what is realistic. The conversation now is about what is necessary. Our World Energy Transitions Outlook offers a clearly articulated pathway to a net zero global energy system by 2050. Within the report we outline that this transformation is challenging but is ultimately achievable largely with today's technology and it brings with it tremendous opportunities for industry and society.

The fact is there are profound unintended consequences for societies and industries in Europe and across the world on the horizon if we do not transition our economies away from fossil fuel use. So, what is our alternative? Even when you put climate change to one side, vehicle electrification is an unstoppable trend that is gathering momentum. It would be interesting to consider the consequences to the European car industry, which employs close to four million people, of falling behind this technology trend?

It is also important to consider the health benefits of electrification. Electric vehicles avoid local air pollution which is responsible for 400,000 premature deaths per year in Europe, not to mention the global death toll. These are unacceptable consequences that do not get nearly enough recognition. As such, if you have an unstoppable technological trend that promises to correct such injustices while addressing our climate trajectory, you would be a brave person to bet against it.

A number of governments around Europe have put in place support mechanisms for conventional power plant operators to keep their capacity online in order to guarantee system adequacy. This is just an example of measures needed to make up for system imbalances provoked by the introduction of growing volumes of variable renewable energy. Do you think that Europe is prepared to face such imbalances and what are, in your opinion, the most important steps to make to integrate renewables into the system looking ahead, including incentives for batteries and other storage solutions?

To suggest that the integration of renewables to the grid leads inevitably to inadequacy is wrong. What variable renewables have encouraged us to rethink is the very structure of the power systems that have kept the lights on in Europe for well over 100 years. As I have mentioned, this is not simply a replacement of one fuel source for another. The transition is a much more fundamental, structural shift in the way we produce, distribute and consume energy.

Europe has already shown itself to be a global leader in the integration of modern, variable sources of renewables such as solar and wind. Take

Denmark as an example. Today, around half of the country's electricity comes from variable renewable technologies. And in fact, in 2019 nearly half of Denmark's total power demand was met by wind power alone without disruption and without load shedding. This demonstrates what is possible. Other IRENA Member States, such as Ireland, Germany, Portugal and Spain, also source around a quarter or more of their electricity from wind and solar. These are large economies with diverse demand requirements that successfully meet up to 30 per cent of that demand with variable renewables. What we should recognise is that renewables – the generation technology itself – is just part of the solution to decarbonised power systems. A successful transition will embrace a change of paradigm in terms of how power systems are planned and operated. In the past, flexibility in power systems (their ability to follow changing demand over time) was basically guaranteed by the power generators. This concept has changed. Flexibility in the era of renewables requires a portfolio of measures. Not only generating plants, but also demand-side flexibility, better grids, interconnections and cooperation with neighbours, different market and system operation rules – and as you mention, storage, which will indeed play a very important role. In other words, power systems based on renewables are orchestras, not solos. It is also important to consider that Europe operates the largest synchronous grid in the world. This is an advantage to integrate renewables. Progressing towards deeper regional integration will minimise the need for investments in back-up capacity and the curtailment of variable renewables, and allow for economies of scale by sharing or balancing resources across European member states.

Are European targets for hydrogen penetration achievable? To what extent is hydrogen a ready decarbonisation solution in consideration of high costs and technological challenges that need further investigation?

Hydrogen is emerging as an essential decarbonisation solution, so it would be wrong to say it is a ready and scalable clean fuel solution today.
Our analysis shows that green hydrogen – which is really the only hydrogen that matters in a net zero world – will be a central element of a net zero energy system by 2050 because "hard to abate" sectors such as heavy industry, aviation and shipping are unlikely to decarbonise to the extent necessary, without it.
More concretely, our 1.5°C scenario projects that hydrogen could account for around 10 per cent of the CO_2 *mitigation efforts needed to achieve a net zero energy system by 2050. Overall, hydrogen could cover 12 per cent of total final energy use in 2050.*
We believe that nearly 70 per cent of all the hydrogen consumed by 2050 will be green, which together with renewable power, energy efficiency and electrification, will shape the future energy system. Combined, these solutions represent 90 per cent of CO_2 *emissions reductions potential to 2050.*
Of course, there are barriers – cost being one of the most important.

Currently green hydrogen is between two and three times more expensive than low-carbon (blue) hydrogen from fossil fuels. However, we expect this to change in the coming years and believe that green hydrogen will become competitive potentially much sooner than first thought.

As hydrogen electrolyser costs fall and renewable electricity costs continue to decline, delivering the cheapest electricity in human history, green hydrogen costs will in turn become progressively less expensive than the cost of blue hydrogen. Our view is that green hydrogen could be cost competitive with fossil-fuel-based hydrogen by 2030, but there are many in the industry who would argue it could be competitive as early as the middle of this decade. Either way, the question is not if but when green hydrogen achieves cost parity with blue hydrogen.

When it does, green hydrogen enables the realisation of several policy priorities including job creation, low-carbon growth and enhanced energy security, while providing the world with an essential climate solution.

It also presents countries with new opportunities for energy security and energy trade. Some of today's energy importers can reposition themselves as exporters of green hydrogen, and fossil-fuel economies can build on their deep expertise to diversify and pursue a leadership position in the energy transition through hydrogen production.

AP-PEN-DIX

ROAD MAP

The following list includes the major legislative and political actions of the European Green Deal since its launch in December 2019, along with a number of other EU initiatives supporting the Green Deal objectives.

In this roadmap the different elements are framed in one of the four dimensions analysed above – although some might cross-cut more than one dimension. A special section has been added to follow the specific activities proposed by the Fit-for-55 package. Elements inside each dimension have been further divided into three main blocks: 1) "**Presented**" which regroups all the actions that have been presented by the Commission with main events having occurred since the presentation; 2) "**In the pipeline**" which presents a list of actions that have been already opened for public consultations and are currently waiting to be presented; and 3) "**Yet to be announced**" for all the actions which are still in preparation by the Commission or at the public consultation stage.

Focus Fit-for-55

Presented

- Revision of the EU Emission Trading System (14 July 2021, here) and revision of the EU Emission Trading System for Aviation (14 July 2021, here).
- Review on national emissions reduction targets (Effort Sharing Regulation), based on 2030 climate target plan (14 July 2021, here).
- Revision of the regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF) (14 July, here).

- New renewable energy directive (14 July 2021, here).
- New energy efficiency directive (14 July 2021, here).
- Proposal for a regulation for strengthening the CO_2 emission performance standards for new passenger cars and new light commercial vehicles (14 July 2021, here).
- Revision of the directive on deployment of the alternative fuels infrastructure (14 July 2021, here).
- European Commission proposal on the ReFuelEU Aviation – sustainable aviation fuels (14 July 2021, here).
- European Commission proposal on the FuelEU Maritime – green European maritime space (14 July 2021, here).
- Regulation establishing a carbon border adjustment mechanism (14 July 2021, here).
- Revision of the energy taxation directive (14 July 2021, here).
- Proposal for a social climate fund (14 July 2021, here).
- New forestry strategy (14 July 2021, here).

Yet to be announced

- *Hydrogen and decarbonised gases package*
- *Energy performance of buildings directive*

Driving the Green Deal

Presented

EU Hydrogen Strategy
For the production and use of clean hydrogen to help reduce the EU economy's carbon emissions.

- *8 July 2020:* Commission presented the strategy and launched the European Clean Hydrogen Alliance
- *10 July 2020:* Internal referral to parliamentary committee(s)
- *26 November 2020:* Committee referral announced in Parliament, 1st reading/single reading
- *11 December 2020:* Council adopted conclusions to rapidly upscale the market for hydrogen
- *19 May 2021:* Decision by Parliament: Text adopted by Parliament,

single reading

EU Strategy on Energy Systems Integration

To transform the energy system through addressing its circularity, the use of cleaner electricity and the promotion of renewable and low-carbon fuels.

- *8 July 2020:* Commission presented the strategy
- *10 July 2020:* Internal referral to parliamentary committee(s)
- *19 May 2021:* Decision by Parliament: Text adopted by Parliament, single reading

Renovation Wave initiative in the building sector

The objective is to double renovation rates in the next ten years and reach higher energy and resource efficiency in buildings.

- *16 September 2020:* In her 2020 State of the Union address, Commission President Von der Leyen proposed to set up a new European Bauhaus as a co-creation space to provide a distinct aesthetic in building renovations
- *14 October 2020:* Commission presented the initiative
- *16 October 2020:* Internal referral to parliamentary committee(s)
- *11 June 2021:* the Council of energy ministers approved conclusions that endorsed the EU renovation wave strategy.

Single European Sky

Aimed at a more sustainable and resilient air traffic management

- *22 September 2020:* Commission presented a proposal for an upgrade of the Single European Sky regulatory framework
- *22 October 2020:* Committee referral announced in Parliament, 1st reading/single reading
- *17 June 2021:* vote in committee, 1st reading
- *17 June 2021:* TRAN Committee decision to open interinstitutional negotiations with report adopted in committee
- *28 June 2021:* TRAN Committee report tabled for plenary, 1st reading
- *5 July 2021:* TRAN Committee decision to enter into interinstitutional negotiations announced in plenary

EU Methane Strategy

To reduce methane emissions, focusing on energy, agriculture and waste sectors.

- *14 October 2020*: Commission presented the strategy
- *16 October 2020:* Internal referral to parliamentary committee(s)
- *18 May 2021:* ENVI Committee presented an own-initiative report on the strategy.
- *27 of May 2021*: a public hearing on the EU strategy to reduce methane emissions took place at the meeting of the Committee on the Environment, Public Health and Food Safety

Offshore Renewable Energy Strategy

To harness the potential of offshore renewable energy for a climate neutral future.v

- *19 November 2020:* Commission presented the strategy
- *21 June 2021:* PECH committee delivered an opinion on the matter

Trans-European Energy Infrastructure

Review of the guidelines

- *15 December 2020:* Commission presented the initiative
- *11 June 2021:* The Council agreed a general approach, despite considerable differences of opinion among Member States.

Forest Strategy

Part of the biodiversity strategy and covering the full forest cycle

- *29 January 2021:* Commission presented the strategy
- *16 July 2021:* the Commission adopted its communication on the New EU Forest Strategy for 2030, which aims to overcome the challenges faced by European forests, such as pressures from human activity and natural processes as well as the consequences of climate change.

Building a Climate-Resilient Future

A new EU Strategy on Adaptation to Climate Change

- *24 February 2021:* Commission adopted the strategy
-

Revision of the Regulation on the Trans-European Transport Network

- *26 May 2021*: Commission published the results of its evaluation of the Regulation
- *9 July 2021:* Commission response to text adopted in plenary

In the pipeline

- Sustainable aviation fuels – ReFuelAviation (Fourth quarter 2020)
- FuelEU maritime – green European maritime space (Fourth quarter 2020)
- Low-emission vehicles — improving the EU's refuelling/recharging infrastructure (First quarter 2021)

- Revision of the Directive on deployment of alternative fuels infrastructure (Second quarter 2021)

Yet to be announced

- *Reducing Methane Emissions in the Energy Sector (Second quarter 2021)*
- *Revision of the Directive on Intelligent Transport Systems (Third quarter 2021)*
- *EU 2021 Rail Corridor initiative (Third quarter 2021)*
- *Revision of the Third Energy Package for Gas (Directive 2009/73/EU and Regulation 715/2009/EU) to regulate competitive decarbonised gas markets (Fourth quarter 2021)*
- *Revision of the Energy Performance of Buildings Directive (Fourth quarter 2021)*

Greening Industry

Presented

New Industrial Strategy for Europe

Part of the Commission's objective "A Europe fit for the digital age", this is a comprehensive long-term strategy for Europe's industrial sector.

- *10 March 2020:* Commission presented the strategy
- *13 March 2020:* Internal referral to parliamentary committee(s)
- *3 September 2020:* Commission presented an Action Plan on Critical Raw Materials and the 2020 List of Critical Raw Materials
- *9 September 2020:* Internal referral to parliamentary committee(s) of Critical Raw Materials Resilience initiative
- *29 September 2020:* Launch of Critical Raw Materials Alliance
- *19 October 2020:* Commission Working Programme 2021 envisages updating the new industrial strategy for Europe to take into account the impacts of the COVID-19, the global competitive context, and the acceleration of the twin green and digital transitions. This should be presented in the second quarter of 2021.
- *19 April 2021:* Commission adopted revised EU guidelines on regional State aid.
- *5 May 2021:* The update was put forward by the Commission. The Communication particularly points to the need to strengthen the resistance of the Single Market to disruptions and to ensure continuity in the free movement of persons, goods, services, and capital; the need to analyse and address strategic dependencies, and the need to accelerate the green and digital transition.
- *2 June 2021*: Commission response to text adopted in plenary

Circular Economy Action Plan

Focused on the lifecycle of products and materials to ensure a sustainable use of resources and tackle resource-intensive sectors.

- *11 March 2020:* Commission presented the strategy
- *12 March 2020:* Internal referral to parliamentary committee(s)
- *14 September 2020:* Commission published a roadmap on the Sustainable Products Initiative. This is expected to be presented in the fourth quarter 2021.
- *16 July 2021:* Commission response to text adopted in plenary

Farm to Fork Strategy

To address priorities and challenges related to the European food chain.

- *20 May 2020:* Commission presented the strategy
- *29 May 2020:* Internal referral to parliamentary committee(s)
- *19 October 2020:* Agriculture and Fisheries Council adopted conclusions on strategy endorsing the goal of developing a European sustainable food system

Chemicals Strategy for Sustainability (toxic-free EU Environment)

Set of initiatives for a toxic-free environment.

- *14 October 2020:* Commission presented the strategy
- *16 October 2020:* Internal referral to parliamentary committee(s)
- *7 May 2021:* Commission publishes roadmaps on the revision of Classification, Labelling and Packaging Regulation ("CLP") and on Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulations.
- *9 August 2021:* Commission launches public consultation on CLP revision

Batteries – Modernising the EU

Part of the new Circular Economy Action Plan, it aims at modernising EU legislation on batteries.

- *10 December 2020:* Commission presented the strategyù
- *20 May 2021:* referral to associated committees announced in Parliament

Action Plan for the development of organic production

To boost production of high quality food with low environmental impact

- *25 March 2021:* Commission presented Action Plan to develop organic production
- *20 May 2021:* the 8th NAT Commission of the Committee of the Regions (CoR) held an exchange of views on the Action Plan
- *11 June 2021:* the European Economic andSocial Committee (EESC) held an online public hearing as part of ongoing preparation for its opinion on the action plan. It will provide the

perspective of civil society on the action plan's objectives and its underpinning actions

- *27 May 2021:* the Agriculture and Fisheries Council held an exchange of views on the action plan at its meeting
- *19 July 2021:* EU agriculture ministers adopted the Council's conclusions on this plan, expressing their overall support

In the pipeline

- Waste shipments – revision of EU Rules (Second quarter 2021)
- Hazardous waste – updated concentration limits for chemical pollutants (Second quarter 2021)

Yet to be announced

- *Circular Electronics (Fourth quarter 2021)*
- *Industrial Emissions – EU Rules updated (Fourth quarter 2021)*
- *Revision of Directive on Packaging and Packaging Waste (Fourth quarter 2021)*

Supporting the transformation

Presented

Proposal for a Just Transition Mechanism, including a Just Transition Fund, and a Sustainable Europe Investment Plan

Set of initiatives aimed at providing targeted support to alleviate the socio-economic downsides of the green transition.

- *14 January 2020:* Commission presented the proposal
- *29 January 2020:* Committee referral announced in Parliament, *1st reading/single reading*
- *27 May 2020:* Referral to associated committees announced in Parliament
- *6 July 2020:* Vote in committee, 1st reading/single reading
- 15 July 2020: Committee report tabled for plenary, 1st reading/single reading
- *17 September 2020:* Plenary vote and matter referred back to the committee responsible.
- *April 2021:* Council adopts position on 4.2 billion euro Single Market programme for 2021-2027.
- *26 April 2021:* Council presidency and the European Parliament's negotiators reach provisional agreement on public sector loan facility to support just climate transition.
- *26 April 2021:* EU Parliament and Council reached agreement on the Commission's proposal for a new Public Sector Loan Facility

(PSLF).

- *27 April 2021:* EU Parliament adopts a more reactive and accessible European Globalisation Fund.
- *28 April 2021:* EU Parliament approved 4.2 billion euro Single Market Programme.
- *29 April 2021:* European Parliament approved deal to invest 5.4 billion euro in climate and environmental projects.
- *17 May 2021:* debate in Parliament
- *18 May 2021:* results of vote in Parliament: Text adopted by Parliament, 1st reading/single reading
- *26 May 2021:* Act adopted by Council after Parliament's 1st reading
- *23 June 2021*: end of procedure in Parliament
- *24 June 2021:* final act signed
- *30 June 2021:* final act published in Official Journal

Proposal on a European "Climate Law'" enshrining the 2050 climate neutrality objective

To set legal targets for achieving climate neutrality in Europe by 2050.

- *4 March 2020:* Commission presented the proposal
- *11 March 2020:* Committee referral announced in Parliament, 1st reading/single reading
- *11 September 2020:* Vote in committee, 1st reading/single reading
- *17 September 2020:* Commission tabled an amendment to the proposed European Climate Law to include the 2030 emissions reduction target of at least 55 per cent
- *22 September 2020:* Committee report tabled for plenary, 1st reading/single reading
- *7 October 2020:* Plenary in Parliament voted the proposed 60 per cent reduction target amendment on the 2030 target
- *15 October 2020:* European Council discussed the climate target plan and decided to return to the issue in December with a view to agreeing a new emissions reduction target for 2030
- *11 December 2020:* EU27 leaders agree to cut greenhouse gas *emissions at least 55 per cent by 2030*
- *31 December 2021:* Commission is expected to draw up an EU GHG budget and consider introducing a target for 2040
- *21 April 2021:* EU Parliament and Council reached provisional agreement on the EU Climate Law.
- 5 May 2021: Permanent Representatives Committee (Coreper) approved the agreement
- 10 May 2021: ENVI Committee endorsed it
- 10 May 2021: approval in committee of the text agreed at 1st reading interinstitutional negotiations
- 24 May 2021: decision by Parliament, 1st reading: Text adopted by Parliament, 1st reading/single reading
- 28 June 2021: Act adopted by Council after Parliament's 1st

reading
- 30 June 2021: final act signed
- 9 July 2021: final act published in Official Journal
- 29 July 2021: regulation entered into force

EU Biodiversity Strategy 2030

Set of initiatives to address biodiversity loss in Europe and advance a framework of actions to lead the 15th meeting of Conference of the Parties on the UN Convention on Biodiversity (CBD)

- *20 May 2020:* Commission presented the strategy
- *26 May 2020:* Internal referral to parliamentary committee(s)
- *21 October 2020:* Commission launches Knowledge Centre to reverse biodiversity loss and protect Europe's ecosystems
- *23 October 2020*: Environmental Council endorsed the objectives of the EU Biodiversity Strategy for 2030 and the nature protection and restoration targets contained therein
- *21 January 2021:* Committee referral announced in Parliament
- *28 May 2021:* ENVI Committee adopted its report
- *31 May 2021:* Committee report tabled for plenary
- *8 June 2021:* decision by Parliament: Text adopted by Parliament, single reading
- *12 July 2021*:first draft of the post-2020 global biodiversity framework was released

2030 Climate EU Target Plan

To set the path towards Europe's climate neutrality in 2050.

- *17 September 2020:* Commission presented the proposal
- *June 2021*: Commission is expected to review, and where necessary propose to revise, all relevant policy instruments to achieve the additional emission reductions

8th Environmental Action Programme (2021–2030)

To replace the previous EU Environmental Action Programme in line with the Green Deal objectives.

- *14 October 2020:* Commission presented the proposal
- *15 June 2021:* vote in committee, 1st reading; the ENVI Committee adopted its position
- *17 June 2021:* Committee report tabled for plenary, 1st reading
- *8 July 2021:* text adopted by Parliament, partial vote at 1st reading/single reading. the Parliament adopted amendments to the Commission proposal. Matter referred back to the committee responsible

LIFE Programme 2021–2027

Set of projects funded by the EU to advance environmental and climate objectives.

- *17 February 2020:* EU invests more than 100 million euro in new LIFE Programme projects to promote a green and climate-neutral Europe

- 1 April 2020: European Commission launches its 2020 call for project proposals under the LIFE programme
- 16 November 2020: Commission approved an investment package of more than 280 million euro from the EU budget for over 120 new LIFE programme projects
- 16 March 2021: Council adopted its position at first reading
- 29 April 2021: approved by the Parliament and the legislative resolution is adopted
- 17 May 2021: new Regulation was published in the EU Official journal

European Climate Pact

Initiative for climate action that provides a space for people and organisations to exchange information and practices.

- 9 December 2020: Commission presented the initiative

EU Taxonomy Climate Delegated Act

To help improve the flow of money towards sustainable activities across the European Union.

- 21 April 2021: Commission adopted a package of measures comprising: the EU Taxonomy Climate Delegated Act, A proposal for a Corporate Sustainability Reporting Directive (CSRD); six amending Delegated Acts on fiduciary duties, investment and insurance advice will ensure that financial firms, e.g. advisers, asset managers or insurers, include sustainability in their procedures and their investment advice to clients
- 4 June 2021: formal adoption of a first delegated act on sustainable activities for climate change adaptation and mitigation objectives by the Commission
- 6 July 2021: the Delegated Act supplementing Article 8 of the Taxonomy Regulation was adopted by the Commission

Renewed Sustainable Finance Strategy

- 6 July 2021: strategy was adopted by the Commission
- 9 July 2021: Parliament has referred the dossier to the ECON Committee

New EU Strategy on Adaptation to Climate Change

- 3 June 2021: Council approved its conclusions supporting the new strategy

In the pipeline

- Renewed Sustainable Finance Strategy (Fourth quarter 2020)
- Review of the Non-Financial Reporting Directive (by large companies) (First quarter 2021)
- Deforestation and forest degradation — reducing the impact of products placed on the EU market (Second quarter 2021)
- Empowering consumers for the green transition (Second quarter 2021)

Yet to be announced

- *New legal framework on the restoration of healthy ecosystems (Fourth quarter 2021)*

Strengthening security and diplomacy

Presented

<u>New Strategy with Africa</u>

Under the objective of "A stronger Europe in the world", this aims at intensifying EU-Africa cooperation with a specific focus on the green transition and the digital transformation.

- <u>*9 March 2020:*</u> Commission proposed the strategy
- <u>*2021:*</u> Strategy is expected to be endorsed at the European Union – African Union Summit (postponed from October 2020)

<u>Green Agenda for the Western Balkans</u>

Presented in parallel with the "Economic and Investment Plan for the Western Balkans" and envisaging actions around the same pillars as the European Green Deal.

- <u>*6 October 2020:*</u> Commission adopted a comprehensive Economic and Investment Plan for the Western Balkans and presented Guidelines for the Green Agenda for the Western Balkans
- <u>*10 November 2020:*</u> endorsement of the Green Agenda for the Western Balkans at EU–Western Balkans Summit in Sofia

<u>EU-China Comprehensive Agreement on Investment</u>

To align EU-China trade on principles of intellectual property, technology transfer and sustainable development

- <u>*30 December 2020:*</u> an agreement in principle (not a legal text) has been reached between the EU and China, containing provisions on sustainable development

In the pipeline

- Join Communication on the Arctic (Fourth quarter 2021) v

Istituto Affari Internazionali
Via dei Montecatini, 17 00186 Roma
Tel: +39 066976831
iai@iai.it