

The implementation of the Green Deal legislative programme

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The growth of green finance is not only a question of supply, but also of demand. As such, a growth of the sales of electric cars to households triggers a growth in car loans, which are, given their object, considered as green. The demand for electric cars is largely influenced by the EU legislation which foresees the end of the sales of fossil fuel cars by 2035. This is why it is interesting for the financial sector to look at the state of execution of the Green Deal legislative program, which will have implications for the demand for sustainable finance in the coming years.

A first assessment of implementation of the Green Deal Legislative Programme was published in the Eurofi Regulatory Update of April 2023, for the Eurofi conference in Stockholm. Since April, new texts have been approved by the European political institutions, and others have become legislation.

In this article, we will review the part of the Green Deal designed to reduce the emission of greenhouse gases and protect the environment. This encompasses general regulations – like the Climate law setting the Green Deal and Fit for 55 objectives – and some sector-specific regulations on:

- renewable energies, and related infrastructure.
- Energy efficiency in industrial production, transport, and agriculture; and
- decarbonation of the transport industry, fishing, and industrial production.

In this general context of the Green Deal, the European legislators adopted a first law in 2021. The **Climate Law**¹ sets a legally binding EU-wide and economy-wide common target of net-zero greenhouse gas (GHG) emissions by 2050 and comprises the -55% of GHG emissions by 2030 target, which gave birth to the Fit for 55 legislative package and all the related texts which will be evoked in this paper.

It is noteworthy that a large part of the regulations,

proposed by the European Commission in the Green Deal legislative program have been officially adopted (part I) or approved by the legislators (part II).

1. Green deal legislations officially adopted by the legislators

1.1 Emissions Trading Scheme: new benchmark values for free allocations and integration of CORSIA

One of the major projects which has been adopted is the **reform of the Emissions Trading Scheme (ETS)**. 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 objective to have a carbon pricing in line with the Fit for 55 objectives. While the Commission Implementing Regulation on benchmarks values for free allocation of emission allowances 2021-2025² was published in March 2021 by the Commission, a revision of aviation rules³ 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 CORSIA⁴.

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

1. 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>

2. 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>

3. 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>

4. The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) of the International Civil Aviation Organisation (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.

Reduction Scheme for International Aviation (CORSA), applying it to international flights departing from or arriving at an airport inside the European Economic Area⁵. 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.

1.2 Emission Trading Scheme (ETS) for maritime sector and emissions reduction

Additionally and also part of the ETS, 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 the flag they fly under. This will strengthen the EU ETS by extending it to new sectors to match the new ambitious target of the Climate Law. The co-legislators agreed cutting 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 proposal⁶ involves increasing the linear emissions reduction factor from 2.2% per year 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 tonne emission reported⁷.

Other texts extending EU ETS to new sectors are close to be voted as well (*cf. infra*).

1.3 ETS II for building and road transport 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^{8,9}.

1.4 Market Stability Reserve

The allowances system of the ETS is dealt under the **Market Stability Reserve** which has recently been reviewed. To expedite the absorption of the excess allowances and promote market stability, the proposal¹⁰ – which the co-legislators did not change – maintains the current elevated annual allowance intake rate. The decision entered into force on May 15th, 2023, after being published in April¹¹.

1.5 Energy infrastructure: TEN-E regulation

Another important text that was adopted concerns **energy infrastructure in the continent**. The revision of the TEN-E regulation¹² 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.

5. 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)

6. 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)

7. Reducing emissions from the shipping sector. (n.d.). Climate Action. https://climate.ec.europa.eu/eu-action/transport-emissions/reducing-emissions-shipping-sector_en

8. 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>

9. EU adopts landmark ETS reforms and new policies to meet 2030 target. (2023, 3 mai). International Carbon Action Partnership. <https://icapcarbonaction.com/en/news/eu-adopts-landmark-ets-reforms-and-new-policies-meet-2030-target>

10. 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>

11. 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)

12. 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>

1.6 Renewable energy: 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**¹³. The delegated Act on renewable liquid and gaseous transport fuels of non-biological origin¹⁴ provides a methodology to ensure that the electricity used to produce 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 fuels¹⁵ sets a minimum threshold and gives a methodology for assessing GHG emissions savings from RFNBOs.

1.7 Delegated Act on chemical hazard classes

The third delegated act published concerns new **chemical hazard classes**¹⁶, and determines 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)¹⁷, which entered into force in January 2009.

1.8 Regulation on a Carbon Border Adjustment Mechanism

Another highly debated text creating a **Carbon Border Adjustment Mechanism (CBAM)**¹⁸ 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. Additionally, 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 16 May 2023¹⁹.

1.9 Regulation on emissions from cars and vans

Emissions from Cars and Vans²⁰ were finally agreed after last minute discussions with Germany which was threatening to withdraw from the agreed political agreement. In comparison to the CO₂ 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 CO₂ 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 2023²¹.

1.10 Regulation on land use and forestry: LULUCF

The **regulation on land use, land use change and forestry (LULUCF)** was revised in 2023 for the period up to 2030²². It aims to reverse the current trend of

13. 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 review as well

14. 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

15. 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

16. 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

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

18. 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>

19. Carbon Border Adjustment Mechanism. (s. d.). Taxation and Customs Union. https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

20. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2019/631 as regards strengthening the CO₂ 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>

21. CO₂ 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

22. 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>

declining removals in the land sector, to deliver 310 million tonnes of CO₂ equivalent (MtCO_{2e}) 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 target²³.

1.11 Regulation on deforestation-free products

In May 2023, the regulation on **deforestation-free products** was adopted²⁴. 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, 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 2020²⁵.

1.12 Regulation on batteries and waste batteries

On July 28th, 2023, the EU official journal published the **regulation on batteries and waste batteries**²⁶ which sets compulsory standards for all batteries that are introduced to 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. Additionally, 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 producers²⁷.

2. Green deal legislations approved by the legislators

Other texts are close to passing, having been approved by the Parliament and the Council, with only the official publication lacking, whereas some have for now made the object of a political agreement, which gives hope that a final agreement will be reached and that legislators will approve the content of the political agreement in the near future.

2.1 Regulation on fuels for maritime sector

Debates on **Fuel EU Maritime**²⁸ have ended, as the Council and the Parliament adopted on July 25th, 2023, a new law to decarbonise 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. Additionally, the establishment of an Ocean Fund is recommended to enhance ships' energy efficiency and support investments that aim to decarbonize maritime transport²⁹.

23. 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.)

24. 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>

25. Regulation on deforestation-free products. (N.d.). Environment. https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en

26. 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>

27. 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/>

28. 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>

29. 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/>

2.2 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 fuels³⁰.

2.3 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 species³¹.

2.4 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 refuelling infrastructure in road, maritime ports, inland waterway ports, and stationary aircraft across the EU. This move addresses consumer worries about vehicle recharging/refuelling 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 such as for every registered battery-electric car in each member state, a power output of 1.3kW must be provided by publicly accessible recharging infrastructure³².

2.5 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 should be voted soon in the Council and in the Parliament³³.

30. 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/>

31. 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/>

32. Press corner. (s. d.-d). European Commission - European Commission. https://ec.europa.eu/commission/presscorner/detail/en/IP_23_1867

33. 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/>

Conclusion

The Green deal programme has been launched in the beginning of 2020. Most of the significant texts of the European Commission's legislative package, which are linked to the reduction of emission of greenhouse gas, have now been adopted or are remarkably close to being adopted. Certain texts remain in discussion – those for which a political agreement has not yet been reached between the co-legislators – notably a proposal on a reduction in CO₂ emissions for heavy duty vehicles³⁴, a proposal on energy efficiency³⁵, and a proposal about the energy efficiency of buildings³⁶. It is important to note that the progress of the negotiation of the two are affected by the RePower EU Plan³⁷ discussions.

Most of the adopted and almost approved texts are going to trigger investments in the sectors concerned: renewable energy, energy infrastructure, industry, road transport, maritime transport, aviation, land use, reforestation... Consequently, the development of investment projects in these sectors is anticipated to generate a significant increase in the demand for finance.

Despite this good news, a portion of the European political class is growing weary of the green deal. Last month, the nature restoration law, highly scrutinized because of its contentiousness, was voted in the European Parliament by a narrow majority.

The Energy Taxation Directive (ETD)³⁸ has also been the object of resistance from EU countries, and its adoption would require unanimity among the 27. Under this revision, fuels would be taxed according to their energy content and environmental performance and no more based on their energy content per volume, which largely supported subventions to fossil fuels over electricity. As of August, the text still has not made considerable progress.

The future will say whether the satisfactory results that the Green Deal has yielded until now, are set to continue in the future, or if we have reached the limits of what European legislators are ready to accept.

34. Reducing CO₂ emissions from heavy-duty vehicles. (s. d.). Climate Action. https://climate.ec.europa.eu/eu-action/transport-emissions/road-transport-reducing-co2-emissions-vehicles/reducing-co2-emissions-heavy-duty-vehicles_en

35. Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on energy efficiency (recast). Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0558>

36. Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the energy performance of buildings (recast). Link: <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:52021PC0559>

37. Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources, Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency. Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2022:222:FIN>

38. Packroff, J., Kurmayer, N. J., & Kurmayer, N. J. (2023b, mai 22). Energy Taxation Directive: Europe's key climate law stuck in a quagmire. [www.euractiv.com. https://www.euractiv.com/section/energy-environment/news/energy-taxation-directive-europes-key-climate-law-stuck-in-a-quagmire/](https://www.euractiv.com/section/energy-environment/news/energy-taxation-directive-europes-key-climate-law-stuck-in-a-quagmire/)