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A lot of work to do until we are 'Fit for 55'

The Fit for 55 package, released in July by the European Commission under the European Green Deal, is a thorough and complex initiative, pointing in the right direction and with unprecedented levels of ambition. However, it is also a work in progress. One that will require a lot of attention from policymakers, based on strong scientific advice, in order to become the tool we need to address climate change while protecting our European way of life.

To begin on a positive note, I must stress that this is the first time that the EU is addressing climate change in all areas. If we look back, previous interventions focused mainly on energy production and the industry. Now, the more than 3000 pages of legislative proposals cover several other fields, such as housing and transport. We could argue that they still lack ambition in certain subjects, namely agriculture, but that is a matter for another debate.

We also know that this is a much-needed package. The current *status quo* is not enough for Europe to reach climate neutrality by 2050. If we want to achieve what we pledged ourselves to achieve in the Paris Agreement we need to go further. Fit for 55 is the answer to that need, enlarging the scope of the typical climate proposals.

The new Emissions Trading System (ETS) for buildings is a good example, as are the policy on road transport, the restructure of energy taxation, the increased targets for renewable energy and energy efficiency, the introduction of a Carbon Border Adjustment Mechanism and the revision of the CO₂ emission standards for the automotive industry. This is indeed a very comprehensive package.

However, Fit for 55 will have a deep impact in every sector, in SMEs, in the lives of families and individuals. The main challenge will therefore be to implement these measures in a manner that enables us to achieve our

goals while preventing the more negative consequences.

In the European Parliament, the different political groups are still in the early stages of analysing Fit for 55. Nevertheless, there are already shared concerns. Specifically about the impact that it will have in citizens, especially low-income citizens, and in SMEs. Making sure that this package, not only considers, but also effectively improves the well-being of our societies is a moral imperative – after all, we the policymakers are at the service of the people. Moreover, this is a *sine qua non* condition for the success of the entire climate policy. The changes we are about to implement will only bear fruits if they are understood and well accepted by the public.

To deal with the anticipated side effects of this package, the Commissions' proposal is to create a Social Climate Fund. Financed with 25% of the expected revenues from the auctioning of allowances within the emissions trading system for buildings and road transport, it will receive around 72.2 billion euros for the period 2025-2032. Member States should match this amount, bringing the total budget of the Fund to 144.4 billion euros. I do not believe this will be enough. The number of low-income households affected by the expected rise in the prices of fuel, electricity and heating will be such that the levels of energy poverty will undoubtedly increase and demand a much more comprehensive response.

I would also like to see measures in place aimed at improving the cost-effectiveness of this transition instead of just dealing with its consequences. I am of course referring to technology development, and one of my criticisms of Fit for 55 is precisely the fact that it relies on regulation, standards, taxation and carbon pricing. It never says: "Let us have a technological revolution. Let us have clean, affordable energy, so that we have the means to do this".

The Horizon Europe partnerships are just an example of an initiative that could help us develop the technological resources that we need to achieve our goals.

However, at EU level, we are even witnessing a growing resistance to increase the budget for research and development. Yes, we approved Horizon Europe, which is quite ambitious, but what really counts is the budget we put aside for every year. As we all know, the Council recently proposed to reduce the budget of this framework programme for 2022, which is something that the European Parliament will strongly oppose but that, nevertheless, gives a very concerning image of where the priorities are right now.

In addition, we do not see any decisions being taken based on technology. The technology readiness levels are rarely considered. For example, regarding the automotive industry, the legislation for CO₂ foresees a 55% cut in emissions from vehicles until 2030 and 100% by 2055 but there is no link to the currently existing technology and its affordability or, in the case of electric cars, to the availability of the infrastructure. Also neglected is the need to match these targets with the necessity to ensure mobility across Europe.

We need a package linked to the real world. One that counts on existing and emerging technologies and infrastructures, considers the opinion of specialists, understands that new regulations will have to coexist with current ones, namely regarding the Internal market and that, above all, ensures a fair distribution of the burden we will put on society, contributing to create new jobs instead of destroying existing ones.