The adoption of the Green Deal legislative programme: mission largely accomplished!

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2023 has now been established as the warmest year in recorded history. In this context of global warming, the European Union introduced in 2020 the European Green Deal, and the **Climate Law**[1], which sets a legally binding EU-wide and economy-wide common target of net-zero greenhouse gas (GHG) emissions by 2050 and comprises the target to cut GHG emissions by 55% by 2030. This gave birth to the Fit for 55 legislative package and all the related texts which will be evoked in this paper. The Green Deal legislative programme contains more than 40 proposals from the European Commission.

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

First assessments of the implementation of the Green Deal Legislative Program were published in the Eurofi Regulatory Update of April 2023, October 2023 and January 2024. Since these publications, new texts have been approved by the European political institutions, others have become legislation, and others have been proposed by the Commission.

In the last months of 2023 and first months of 2024, the Green Deal aroused many criticisms, notably from farmers and some representative of the business sector. All in all, most of the legistlative proposals from the Commission were approved before the end of the legislature.

This article will review the Green Deal legislation and the propositions of legislation related to climate, environment and circular economy. More specifically, **we will concentrate on specific sectors, those of energy, industry, transport, buildings and nature protection and restoration, which are most likely to foster important green investments and green finance.**

1. Carbone pricing

Carbon pricing is an indispensable tool for guiding the choices of companies and institutions, by making the costs of greenhouse gas emissions tangible through price. It is one of the most effective levers in the fight against global warming.

1.1 ETS: a 'cap and trade' system to reduce emissions via a carbon market

Set up in 2003[2] 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[3], but given the EU's new climate targets, the Commission has proposed in to strengthen the mechanism even more, with the objective to have a carbon pricing in line with the Fit for 55 objectives. On April 18, 2023, the European Parliament approved the reform of the European carbon market, which includes an extension of the carbon market to heating and cars, the inclusion of the maritime and aviation sectors, the phasing out of free allowances and the introduction of a carbon adjustment mechanism at borders[4]. The requirements for phase IV of the EU

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. Directive 2003/87/CE. Link : https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=celex%3A32003L0087
3. Directive (EU) 2018/410. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018L0410
4. Directive (UE) 2023/959. Link : https://eur-lex.europa.eu/legalcontent/FR/TXT/?uri=uriserv%3AOJ.L_.2023.130.01.0134.01.FRA&toc=OJ%3AL%3A2023%3A130%3ATOC

ETS will be revised from 2024 onwards by an agreement between Parliament and Council reached as part of the negotiations on the "Fit for 55 – Adjustment to the -55% target" package.

1.2 The extension of ETS

1.2.1 The integration of aviation emissions

A revision of aviation rules[5] in the **EU ETS** has been adopted to ensure that Member States notify EU-based airlines of their offsetting obligations for the year 2021 under **CORSIA** (Carbon Offsetting and Reduction Scheme for International Aviation). In April 2023, the effort further continued, as the directive for the revision of EU ETS[6] as regards aviation was adopted by the co-legislators. Its main proposal is to ensure that the sector contributes to the EU's climate targets through increased auctioning of allowances, with an end to free allowances from 2027, applying the linear reduction of aviation allowances. It also allows to integrate within the revised ETS, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), applying it to international flights departing from or arriving at an airport inside the European Economic Area.[7] 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.

1.2.2 The integration of the maritime sector

Since January 2024, the EU's Emissions Trading System has been extended to cover emissions from all large ships entering EU ports, regardless of their flag. The co legislators agreed to the cutting of emissions from EU ETS sectors – which will now also encompass the maritime industry – by 63% relative to 2005 levels by 2030. To accomplish this, the proposal[8] involves increasing the yearly linear emissions reduction factor from 2.2% to 4.2%.

Under this, 50% of emissions from voyages starting or ending outside of the EU and 100% of emissions that occur between two EU ports and when ships are within EU ports are considered. In practice, this means that shipping companies will have to purchase and use EU ETS emission allowances for each CO2 ton emission reported.

1.2.3 ETS 2 for the buildings, road and transport sectors

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.

1.3 The Market Stability Reserve : stabilizing the carbon market by adjusting the supply of emission allowances

The allowances system of the ETS is dealt with under the **Market Stability Reserve**[9] which has recently been reviewed. To expedite the absorption of the excess allowances and promote market stability, the text[10] maintains the current elevated annual allowance intake rate. Indeed, the proposal sustains the existing doubled intake rate of 24% and retains a minimum of 200 million allowances in the reserve until December 31, 2030, the conclusion of Phase IV of the EU ETS. The decision entered into force on May 15th, 2023, after being published in April.

1.4 The Effort Sharing Regulation : legally binding emission reduction targets for each EU Member State for the sectors not covered by (ETS)

The Effort Sharing Regulation[11] (ESR) sets out the European Union's ambitions for reducing greenhouse gas emissions from sectors not covered by the European carbon market (ETS), *i.e.* mainly transport, agriculture, construction and waste.

5. Decision (EU) 2023/136 amending Directive 2003/87/EC. Link: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023D0136
6. op. cit.
7. 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
8. Proposal for 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.
9. Directive (UE) 2015/1814. Link: https://eur-lex.europa.eu/legal-content/FR/ALL/?uri=celex:32015D1814
10. Proposal for 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. Regulation (EU) 2023/857. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R0857

These sectors account for 60% of greenhouse gas emissions in Europe. The regulation divides the reduction effort (carbon budget) between member states according to their income (GDP/capita), leaving it up to national and local authorities to implement measures to reduce emissions and support these sectors in their ecological transition. Initially adopted in 2018[12], the Regulation was amended in 2023. With their new ambitious national targets Member States will collectively contribute to an emission reduction at EU level, in the Effort Sharing sectors, of 40% compared to 2005 levels. The revised Effort Sharing Regulation came into force on 11 May 2023.

1.5 The Energy taxation directive (ETD): removing outdated exemptions and reducing rates that currently encourage the use of fossil fuels

On 14 July 2021, the Commission tabled a proposal for a revision of the Energy Taxation Directive (ETD), as part of the Fit for 55 packages. Its aim is to align the taxation of energy products with EU energy and climate policies, promote clean technologies and remove outdated exemptions and reduced rates that currently encourage the use of fossil fuels. The main changes include several changes. First, fuels will start being taxed according to their energy content and environmental performance rather than their volume, helping investors and consumers alike to make cleaner, more climate-friendly choices. Then, exemptions for certain products and home heating will be phased out. Fossil fuels used as fuel for intra-EU air transport, maritime transport and fishing should no longer be fully exempt from energy taxation in the EU.

In June 2024, the Belgian presidency of the Council had put forward several compromise texts about prolonged transitional periods and the possibility for Member States to provide total or partial exemptions for certain sectors and services.
However, the Belgian presidency concluded that countries' positions remained nevertheless divergent, requiring further work to reach a balanced agreement.[13]

1.6 The Carbon Border Adjustment Mechanism: prevent carbon leakage by imposing CO2 emission costs on imported goods

Another highly debated text creating a Carbon Border Adjustment Mechanism (CBAM)[14] was voted in 2023, 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 16th May 2023.

2. Energy

The production and the consumption of energy represents, within the EU, more than 75% of the emitted GHG. The Green Deal focuses on three principles for the transition towards clean energy: ensuring a secure and affordable energy supply for the EU, creating an integrated, interconnected and digitized energy market, and prioritizing energy efficiency. The Green Deal has sought to decrease GHG emissions from the energy sector by encouraging the use of green energy itself, notably with the renewable energy directive, the energy efficiency directive and sector specific encouragements.

2.1 Energy infrastructure: the TEN-E regulation

The revision of the **TEN-E regulation**[15] provides a set of instructions for the prompt advancement and interoperability of the priority corridors and areas of energy infrastructure across Europe. The instructions specify the criteria for identifying projects of common interest (PCIs) and mutual interest (PMIs), while also expanding upon the previous guidelines. This updated version has an extended scope: it now includes smart electricity grids and electricity storage, hydrogen networks and power-to-gas, as well as projects with third countries; but it excludes natural gas. It also simplifies procedures to grant permits and proposes the creation of a one-stop-shop for offshore grid development. The revised TEN-E regulation entered into force in June 2022.

12. Regulation (EU) 2018/842. Link : https://eur-lex.europa.eu/eli/reg/2018/842/oj
13. https://www.europarl.europa.eu/legislative-train/spotlight-JD22/file-revision-of-the-energy-taxation-directive
14. Regulation (UE) 2023/956. Link : https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A32023R0956
15. Regulation (EU) 2022/869. Link: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R0869

2.2 Renewable energies

2.2.1 The 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 new legislation was published on 31 October 2023[16].

2.2.2 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**[17]. The delegated Act on renewable liquid and gaseous transport fuels of non-biological origin[18] 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 fuels[19] sets a minimum threshold and gives a methodology for assessing GHG emissions savings from RFNBOs.

2.3 Energy efficiency

2.3.1 The Energy Efficiency Directive

The **Energy Efficiency Directive**[20] was published in the Official Journal in September 2023, following a revision of a directive adopted in 2012 and already updated in 2018. It officially enforces the principle of 'energy efficiency first' as a foundational element of EU energy policy, granting it legal status for the first time. In practical terms, this mandates that EU member states must take into account energy efficiency in all pertinent policy and significant investment choices within both the energy and non-energy sectors. It requires among others, a binding 11.7% cut in energy consumption by 2030, doubling annual savings goals. It tackles energy poverty, mandates audits for companies, and ensures competence in energy professionals.

2.3.2 Regulation on methane emissions reduction in the energy sector

Before the beginning of the COP28, a provisional agreement was reached between the co-legislators in November 2023 on a **Regulation on Methane Emissions**. This new legislation aims to cut methane emissions both in the European energy sector and in global supply chains. It includes improved measurement, reporting and verification, as well as mandatory leak detection and repair. Key to delivering the EU Methane Strategy[21], the first-ever EU Regulation on methane emissions reduction in the energy sector[22] was adopted on 27 May 2024 and published in July 2024.

2. 4 Energy Markets

2.4.1 The Updated EU rules to decarbonize gas markets and promote hydrogen

The EU hydrogen and gas decarbonisation package[23], was adopted in May 2024, after the Commission proposed it in December 2021. This new regulation promote renewable and low-carbon gases, in order to ensure security and affordability. This supports both the EU's climate neutrality goal by 2050, and the RePower EU plan to reduce reliance on Russian fossil fuel imports. Key aspects of this update the rules on the EU natural gas market[24] include infrastructure planning for a decarbonized gas sector, facilitating integration of renewable gases, and introducing a certification system. It also introduces a new regulatory framework for dedicated hydrogen infrastructure. EU countries have until mid-2026 to transpose the

16. Directive (EU) 2023/2413 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC
Link : https://eur-lex.europa.eu/eli/dir/2023/2413/oj
17. Directive (EU) 2018/2001. Link: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018L2001
18. Delegated Regulation (EU) 2023/1184. Link: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1184
19. Commission Delegated Regulation (EU) 2023/1185. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1185
20. Directive (EU) 2023/1791. Link : https://eur-lex.europa.eu/eli/dir/2023/1791/oj
21. COM2020/663. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0663
22. Regulation (EU) 2024/1787. Link : https://eur-lex.europa.eu/eli/reg/2024/1787/oj
23. Consisting of Directive (EU) 2024/1788 and Regulation (EU) 2024/1789.
Link : https://eur-lex.europa.eu/eli/dir/2024/1788 and https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401789
24. Gas Directive 2009/73/EC. Link : https://eur-lex.europa.eu/legal-content/FR/ALL/?uri=celex%3A32009L0073

new rules into national law. When transposed, they will facilitate the uptake of renewable and low-carbon gases, including hydrogen, while ensuring security of supply and affordability of energy for all EU citizens.

2.4.2 The Reform of the Electricity Market Design

In December 2023, the Council and the European Parliament reached a provisional political agreement on the reform of the Electricity Market. Measures included in the reform are a better protection for consumers, notably through fixed prices and fixed term contracts, more stability and competitiveness for companies, through two-way contracts for difference, and increased green electricity, with new rules made to integrate renewable energy into the system more easily[25].

3. Transport and alternative fuels

Alternative fuels are derived from sources other than petroleum. Most are produced domestically, reducing our dependence on imported oil, and some are derived from renewable sources. Often, they produce less pollution than gasoline or diesel.

3.1 Alternative Fuel Infrastructure

The new regulation[26] **on the deployment of alternative fuels infrastructure** enforces targets for electric recharging and hydrogen refueling infrastructure in roads, maritime ports, inland waterway ports, and stationary aircraft across the EU. This moves addresses consumer worries about vehicle recharging/refueling accessibility and aims to create a user-friendly experience with transparent pricing, consistent payment options, and unified customer information throughout the EU. It includes provisions according to which for every registered battery-electric car in each member state, a power output of 1.3 kW must be provided by publicly accessible recharging infrastructure. The regulation is applicable since 13 April 2024.

3.2 ReFuelEU aviation initiative

Also regarding transportation, the Refuel aviation initiative was adopted in April 2023[27]. The main aim of the ReFuelEU Aviation initiative is to increase both the demand for and the supply of sustainable aviation fuels (SAC), whose CO2 emissions are lower than those of fossil kerosene, while ensuring a level playing field throughout the EU's air transport market. The text, which is due to come into force between 2024 and 2025, calls for the incorporation of 70% sustainable fuels into aviation kerosene by 2050. This increase will be progressive: at least 2% in 2025, 6% in 2030, 20% in 2035, 34% in 2040, 42% in 2045. The regulation also introduces a European eco-label for flights, to be introduced from 2025, which will specify the carbon footprint of each flight per passenger and the CO2 emissions per kilometer.

3.3 Regulation on fuels for the maritime sector

The Council and the Parliament adopted in 2023, a new law to decarbonize the maritime sector[28]. 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.

3.4 Regulation on emissions from cars and vans

Cars and vans account for about half of global transport carbon dioxide emissions[29]. The decarbonation of the sector is both an opportunity in terms of reduction of pollution, and for the finance sector, as the important and fast changes will require massive investments. The regulation on **Emissions from Cars and Vans**[30] 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 2023.

25. Electricity market reform. (2023, 21 December). European Council. https://www.consilium.europa.eu/en/policies/electricity-market-reform/
26. Regulation (EU) 2023/1804. Link : https://eur-lex.europa.eu/eli/reg/2023/1804/oj
27. Regulation (EU) 2023/2405. Link : https://eur-lex.europa.eu/eli/reg/2023/2405/oj
28. Regulation (EU) 2023/1805. Link : https://eur-lex.europa.eu/eli/reg/2023/1805/oj
29. Fleck, A. (2023, 22 September). Cars cause biggest share of transportation CO2 emissions. Statista Daily Data. https://www.statista.com/chart/30890/estimated-share-of-co2-emissions-in-the-transportation-sector/#:~:text=Cars%20and%20vans%20accounted%20for,laden%20mode%20of%20transport%20worldwide
30. Regulation (EU) 2023/851. Link : https://eur-lex.europa.eu/eli/reg/2023/851

4. Industry and circular economy

As part of the response to the Covid-19 pandemic and to the imminent threat of climate change and global warming, the Green Deal also introduces a new industrial strategy for Europe, which "will lead the twin green and digital transitions" in order for Europe to become "even more competitive globally"[31].

4.1 The Green Deal Industrial Plan

In February 2023, the European Commission released the **Green Deal Industrial Plan**[32], with a self-proclaimed aim "to provide a more supportive environment for the scaling up of the EU's manufacturing capacity for the net-zero technologies and products required to meet Europe's ambitious climate targets." In this document, the Commission presents a project for several acts to come. Importantly and notably, one of the pillars of this plan is to speed up investment and financing for clean tech production in Europe, both public and private financing, which it says are necessary in order to fund the green transition. The following acts, regulations or rules are part of the Green Deal Industrial Plan which have been the object of a political agreement.

4.1.1 Net-Zero Industry Act

The **Net-Zero Industry Act**[33] was adopted in May 2024. It is set to enhance competitiveness and resilience while accelerating net-zero technology development. As such, the act categorizes technologies, with strategic ones set to receive additional benefits. The technologies listed include solar, renewables, batteries, and carbon capture. The act sets a benchmark for the manufacturing capacity of the strategic net-zero technologies to at least 40% of the EU's annual deployment needs by 2030 and targets 50 million tons of CO2 storage capacity. To further develop these technologies, the act establishes Net-Zero Academies for skills development, aiming to train 100,000 learners in each technology within three years of their establishment. The creation of the Net-Zero Europe Platform aims to foster collaboration and advice on financing for strategic projects, while the Net-Zero Industrial Partnerships should promote global adoption of net-zero technologies.

4.1.2 Critical Raw material Act

The Critical Raw Material Act[34] aims to maintain and establish a secure and sustainable supply of Critical Raw Materials to the EU. The term Critical Raw Material is defined through two annexes[35]. They list 34 materials which are considered strategic, 17 of which are considered critical. The Act considers the high concentration of these materials within few third countries as a potential risk to their supply. The short period between the EU Commission's proposal in March 2024 and the final adoption of the Act in April 2024 shows how serious the EU's institutions and Member States are taking this risk.
The Act takes a three-fold approach to minimizing the risks related to the supply of Critical Raw Materials. First, the EU advertises and incentivizes the extraction of raw materials in the territories of EU Member States. Second, the Act calls for a significant increase in recycling efforts, totaling up to 25 % of annual consumption in the EU. Third, the EU sets the target of reducing dependency for any critical raw material on a single non-EU country to less than 65 % by 2030.

4.2 The Revision of the Industrial Emissions directive

The Industrial Emissions Directive (IED)[36] aims to achieve a high level of protection of human health and the environment taken as a whole by reducing harmful industrial emissions across the EU. In November 2023, the Parliament, the Commission and the Council managed to secure a political agreement on the Industrial Emissions Directive[37]. The agreement focuses on stricter rules to combat pollution, improve emission reporting and monitoring, and set more effective pollution limits. The accord addresses intensive farming operations, and states that the directive will gradually encompass large agricultural facilities, battery production installations, and non-energy ores mining activities. Some activities will remain excluded from the scope of the directive, notably cattle farming operations. The agreement also introduces a new Industrial Emissions Portal set to replace the current European Pollutant Release and Transfer Register. The Council adopted in May 2024 the revised directive[38] on industrial emissions.

31. Industry and the green Deal. (s. d.). European Commission. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/industry-and-green-deal_en
32. COM/2023/62. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023DC0062
33. Regulation (EU) 2024/1735. Link :
34. Regulation (EU) 2024/1252. Link : https://eur-lex.europa.eu/eli/reg/2024/1252/oj
35. https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202401252#d1e45-57-1
36. Directive 2010/75. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02010L0075-20110106
37. https://environment.ec.europa.eu/publications/industrial-emissions-directive-proposal-revision_en
38. Directive (EU) 2024/1785. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401785

4.3 The regulation on batteries and waste batteries

The **regulation on batteries and waste batteries**[39] sets compulsory standards for all batteries that are introduced in the EU market. Starting from 2024, there will be a gradual implementation of sustainability requirements, and extended producer responsibility provisions will begin to be enforced in mid-2025. By the end of 2027, the minimum collection targets for waste portable batteries will be established at 63%, and this figure will increase to 73% by the end of 2030. 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 producers.

4.4 The Waste shipement Regulation

Since 1993, EU law on the shipment of waste includes rules for transporting waste across borders. Two Regulations, one in 1993[40] and another in 2006[41], have implemented the obligations of the Basel Convention (1989) on the control of transboundary movements of hazardous wastes and their disposal. Recently, the EU rules on waste shipments, both within the EU and with regard to imports and exports of waste to and from it, were modernized and updated. The new Regulation on waste shipments[42] was adopted on 11 April 2024 and entered into force on 20 May 2024. It aims to ensure that the EU does not export its waste challenges to third countries and contributes to environmentally sound management of waste. The regulation also aims to strengthen enforcement to prevent illegal shipments of waste occurring within the EU ans increase the traceability of shipments of waste within the EU and facilitating recycling and re-use.

4.5 The Ecodesign For Sustainable Products Regulation

The Ecodesign for Sustainable Products Regulation or ESPR[43] establishing a framework for the setting of ecodesign requirements for sustainable products was adopted on June 13 and published in the Official Journal of the European Union on June 28 2024. It repeals the previous directive[44] which focused on the energy efficiency of certain products, and replaces it with a standardized ecodesign framework for all products placed on the market or put into service in the European Union. Ultimately, this reform should make it possible to improve the sustainability and circularity of products, facilitate consumer access to information on the subject, and promote more sustainable production models, while continuing to guarantee the free circulation of the resulting products.

4.6 The Packaging Waste and packaging transport regulation

In March 2024, the Council of the European Union and European Parliament concluded negotiations on the EU's Packaging and Packaging Regulation. The regulation was approved by the Parlement at first reading in April 2024[45]. Once in full effect, the PPWR will replace the Packaging Directive of 1994[46]. The Regulation introduces waste reduction targets and requires that all packaging placed on the EU market is recyclable and carries recycling labeling. The Regulation also introduces new requirements for packaging minimization, minimum recycled content in plastic packaging, re-use targets for packaging, and bans certain packaging formats. the PPWR will most likely enter into force by the end of 2024, and start applying 18 months from that entry into force date, likely in mid 2026.

5. Buildings

Buildings are currently responsible for 40% of total energy consumption in the EU, and 36% of its energy related greenhouse gas emissions. More than 4 out of 5 buildings within European countries were constructed before 2000, resulting in poor energy performance and efficiency. If the EU is to

39. Regulation (EU) 2023/1542. Link : https://eur-lex.europa.eu/eli/reg/2023/1542/oj
40. Council Regulation (EEC) No 259/93 of 1 February 1993. Link : https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX%3A31993R0259
41. Regulation (EC) No 1013/2006. Link : https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32006R1013
42. Regulation (EU) 2024/1157. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1157
43. (EU) 2024/1781. Link : https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=OJ%3AL_202401781#:~:text=Règlement%20(UE)%202024%2F1781,CETexte%20présentant%20de%20l'intérêt
44. Directive 2009/125/CE. Link : https://eur-lex.europa.eu/legal-content/FR/ALL/?uri=celex%3A32009L0125
45. https://www.europarl.europa.eu/news/en/press-room/20240419IPR20589/new-eu-rules-to-reduce-reuse-and-recycle-packaging
46. Directive 94/62/CE.Link : https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=celex%3A31994L0062

reduce its emissions by 55% by 2035 and to become the first carbon-neutral continent by 2050, reducing emission from buildings is a significant part of the solution.

5.1 The Revised energy performance of building Regulation

The **Energy Performance of Buildings Directive**[47], with which the legislator intends to reduce the average primary electricity use of residential buildings by 16% by 2030, was adopted in April 2024. The directive wants to increase the rate of the renovation of the worst-performing buildings. In order to fight energy poverty, the EU also encourages national governments to finance measures incentivizing and accompanying renovations for the most vulnerable customers. The directive calls for existing buildings to be carbon-neutral by 2050. The same target applies to new buildings by 2030 and from 2028 for new buildings occupied or owned by public authorities. In addition, the Directive calls for a gradual phase-out of boilers powered by fossil fuels. Subsidies for the installation of stand-alone boilers powered by fossil fuels are already forbidden starting from January 2025. It also encourages each member state to establish a national Building Renovation Plan to implement a strategy in order to decarbonize the building stocks, and address the challenges of the sector, such as financing, training and attracting skilled workers.
The directive contributes to the objective of reducing GHG emissions by at least 60% in the building sector by 2030 compared to 2015, and works hand in hand with other European Green Deal policies such as the emissions trading system for fuels used in buildings[48], the revised Energy Efficiency Directive[49], the revised Renewable Energy Directive[50] and the Alternative Fuels Infrastructure Regulation[51].

5.2 The Construction Products Regulation

The Construction Products Regulation (CPR) aims to secure the placing of construction products and materials on the European market. The text also updates sustainability rules for construction products. Provisional agreement on a proposed revised text was reached between the Council of the European Union and the European Parliament in April 2024[52]. It must now be approved and formally adopted by both institutions. The provisional agreement proposes a transition period between the old legal framework, which dates from 2011, and the new one, which will last 15 years from the date of entry into force of the new regulation. The revision of the CPR is part of the package of measures presented by the European Commission in March 2022, as part of the Green Pact for Europe and the Circular Economy Action Plan.

6. Nature preservation and restoration

Biodiversity in the EU is rapidly declining, due to pollution (both by gases and through the release of chemicals in nature), climate change, habitat loss and the proliferation of invasive species[53]. The European Union today estimates up to 80% of its habitats to be in poor condition. Through different measures, the EU aims to restore and to protect natural environments and species.

6.1 The Nature Restoration Law

The Commission proposal has been very much criticized by farmers and by the EPP and the extreme-right in the EP. Finally, a compromise was reached on a less ambitious legislation. On June 17 2024, the Nature Restoration Law was officially adopted. The law's final text confirms the planned targets: to restore at least 20 per cent of Europe's marine and terrestrial territory by 2030 and all endangered habitats by 2050. It includes targets such as reversing the decline of pollinator populations by 2030, achieving an upward trend for standing and lying deadwood, uneven-aged forests, and the stock of organic carbon, increasing grassland butterflies and farmland birds in order to enhance the stock of organic carbon in cropland mineral soils, or restoring marine habitats such as seagrass beds or sediment bottoms that offer climate change mitigation.

6.2 Other acts regarding nature preservation and biodiversity

6.2.1 Regulation on land use and forestry

The **regulation on land use, land use change and forestry (LULUCF)**[54] was revised in 2023 for the

47. Directive (EU) 2024/1275. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L1275
48. op cit
49. op cit
50. Directive (EU) 2023/2413. Link : https://eur-lex.europa.eu/eli/dir/2023/2413/oj
51. Regulation (EU) 2023/1804. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1804
52. https://www.europarl.europa.eu/doceo/document/TA-9-2024-0188_FR.html
53. Restauration de la nature. (2023, 10 novembre). Conseil Européen. https://www.consilium.europa.eu/fr/policies/nature-restoration/
54. Regulation (EU) 2018/841. Link : https://eur-lex.europa.eu/eli/reg/2018/841/oj

period up to 2030[55]. It aims to reverse the current trend of declining removals in the land sector, to deliver 310 million tons of CO2 equivalent (MtCO2e) removals from the LULUCF sector by 2030 and make it neutral by 2035. Starting in 2026, the sector must achieve a net removal of emissions, and each member State will be responsible for a specific number of removals to be accomplished by 2030. The revised regulations include more stringent reporting guidelines, increased transparency, and a review process by 2025 to ensure compliance. Between 2026 and 2029, if reporting indicates insufficient progress towards their national targets, Member States may face an extra penalty of 8% on their 2030 removal target.

6.2.2 The Regulation on deforestation-free products

In May 2023, the regulation on **deforestation-free products** was adopted[56]. 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 2020.

6.2.3 The 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)[57]. The principal amendements to existing regulations governing fishing vessel control are the revision of the sanctioning system, an enhanced traceability along the supply chains, and the obligation of reporting of their catches for individuals engaging in recreational fishing for specific species.[58]

Conclusion

The adoption of the Green Deal legislative programme has been a success so far: more than 30 texts have already been adopted, almost all in line with the ambitions announced by the European Commission. **Many of those laws already have a real economic impact**, as seen for instance in the rapid growth of electric vehicles. More recently some of them were adopted by a slight majority, like the nature restoration law, and only after striking down some of their most strict clauses. To this day, no significant green proposal has been adopted in the agricultural sector. The most important text missing is the Energy Taxation Directive, under the sole responsibility of the Council.

The implementation of the Green Deal will be progressive in the coming years and its real impact will then have to be assessed. This implementation will also depend on the political and budget support it will receive from the EU political institutions and the Member States in the next legislature. And a change of some key regulations, like for instance the one prohibiting the sale of thermal vehicles since 2035, is of course always possible.

The European People Party, which has the most important group in the European Parliament, recently showed an opposition to some Green Deal proposals, in line with a growing anti-green backlash in some European countries.
The results of the recent European elections showed a rise of votes for the extreme right, very anti-Green Deal, and for the EPP.
However, **the re-election of von der Leyen, supported largely by the EPP, but also by Renew, S&D and the Greens, is a strong sign of continuity**. Her commitment to carbon neutrality by 2050 and the transition to a greener economy remains strong. In her speech to the European Parliament in mid-July 2024 before the vote on her reappointment, she reiterated her determination to pursue ambitious environmental policies: "We must and will stay the course on all of our goals, including

55. Proposal for 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
56. Regulation (EU) 2023/1115. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1115
57. Regulation (EU) No 1380/2013. Link : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32013R1380
58. 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/

those set out in the European Green Deal." She commits her Commission to implement the Green Deal, but also to support the decarbonation of the industry through a new initiative, the Clean Industrial Act. She confirmed also the continuation of the strategy of circular economy.

TABLE OF THE GREEN DEAL LEGISLATION (2020-2024)

LEGISLATION	DATE OF ADOPTION	LEGISLATION IN A NUTSHELL	REVIEW CLAUSE
CARBON PRICING			
Emissions Trade System (ETS) and its extensions	Launched in 2003, revised in 2023	A 'cap and trade' system to reduce emissions via a carbon market. It covers emissions from the electricity and heat generation, industrial manufacturing and aviation sectors - which account for roughly 40% of total GHG emissions in the EU. It started covering emissions from maritime transport in 2024 and will cover emissions from road and building sector in 2027	2026 for the maritime sector
The Market Stability Reserve	Launched in 2018, revised in 2023	Stabilizing the carbon market by adjusting the supply of emission allowances	none
The Effort Sharing Regulation (ESR)	Adopted in 2018, revised in 2023	legally binding emission reduction targets for each EU Member State for the sectors not covered by ETS), i.e. mainly transport, agriculture, construction and waste. These sectors account for 60% of greenhouse gas emissions in Europe	none
The Energy taxation directive (ETD)	Not adopted yet	Removing outdated exemptions and reducing rates that currently encourage the use of fossil fuels	Not adopted
The Carbon Border Adjustment Mechanism (CBAM)	Adopted in 2023, starting in 2026	Prevent carbon leakage by imposing CO2 emission costs on imported goods	2025
ENERGY			
The TEN-E regulation	Adopted in 2013, revised in 2022	Provides a set of instructions for the prompt advancement and interoperability of the priority corridors and areas of energy infrastructure across Europe	none
The Renewable energy directive (RED3)	Adopted in 2009, revised in 2023	The legal framework for the development of clean energy across all sectors of the EU economy, supporting cooperation between EU countries towards this goal	none
The Energy Efficiency Directive	Adopted in 2012, revised in 2023	Mandates that EU member states must take into account energy efficiency in all pertinent policy and significant investment choices within both the energy and non-energy sectors	
The EU hydrogen and gas decarbonisation package	Adopted in May 2024	Promoting renewable and low-carbon gases, in order to ensure security and affordability. It also introduces a new regulatory framework for dedicated hydrogen infrastructure	none

TRANSPORT AND ALTERNATIVE FUELS			
Alternative Fuel Infrastructure	Adopted in 2014, revised in 2023	enforces targets for electric recharging and hydrogen refueling infrastructure in roads, maritime ports, inland waterway ports, and stationary aircraft across the EU	none
ReFuelEU aviation initiative	Adopted in 2023	It intends to promote sustainable commercial air transport in the EU by setting mandatory blending quotas for sustainable aviation fuels (SAF). It will be mandatory in all Member States from 2024 onwards	In 2027 and every four years thereafter
FuelEU Maritime Regulation	Adopted in 2023	The Regulation supports the transition towards more sustainable maritime transport The Regulation will apply in full from 1 January 2025	none
Regulation on emissions from cars and vans	Adopted in 2009, last revision in 2023	The regulation aims to increase carbon dioxide (CO2) emission reductions targets for new cars and vans. The sale of new internal combustion engines will be prohibited after 2035, except if they run on e-fuels	2026
INDUSTRY AND CIRCULAR ECONOMY			
The green deal industrial plan	2023	It aims to provide a more supportive environment for the scaling up of the EU's manufacturing capacity for the net-zero technologies and products required to meet Europe's ambitious climate targets	none
The Net Zero Industry Act (part of the Green Deal Industrial Plan)	2024	It is set to enhance competitiveness and resilience while accelerating net-zero technology development	none
Critical Raw material Act (part of the Green Deal Industrial Plan)	2024	It aims to maintain and establish a secure and sustainable supply of Critical Raw Materials to the EU	none
The Industrial Emissions Directive (IED)	Adopted in 2010 and revised in 2023	It is the main EU instrument to reduce these emissions into air, water and land, and to prevent waste generation from large industrial installations and intensive livestock farms (pig and poultry)	none
The regulation on batteries and waste batteries	Adopted in 2008, revised in 2023	It aims to improve the sustainability of batteries and waste batteries, and make the circular economy more efficient by ensuring all batteries used in the EU market are more durable, safe, and sustainabl	none
The Waste on shipments regulation	2024	It aims to ensure that the EU does not export its waste challenges to third countries and contributes to environmentally sound management of waste	none
The Ecodesign for Sustainable Products Regulation or ESPR	2024	It is establishing a framework for the setting of ecodesign requirements for sustainable products	none
The Packaging Waste and packaging transport regulation	2024 (replacing the 1994's Directive)	It aims at reducing packaging pollution and promoting a circular economy for packaging	Specific review clause in 8 years after the entry into force

BUILDINGS			
Energy Performance of Buildings Directive or EPBD	Adopted in 2010, last revision in 2024	It aims to boost the energy performance of buildings, zorking with the Energy Performance of Buildings Directive	2027
NATURE PRESERVATION AND RESTORATION			
The Nature Restoration Law	2024	It sets legally binding restoration targets for the long-term recovery of nature in Europe	none
Regulation on land use and forestry	Adopted in 2018 and revised in 2023	It aims to include agriculture and forestry into European climate mitigation efforts	none
The Regulation on deforestation-free products	2023	It aims to bring down greenhouse gas emissions and biodiversity loss	none