



OPINION

European Economic and Social Committee

'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality

Communication from the Commission to the European Parliament, the Council, the European
Economic and Social Committee and the Committee of the Regions:

'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality
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1. **Conclusions and recommendations**

- 1.1 In transiting towards a climate neutral society, we need to embark on a model that results in a thriving economy. If we want the EU to be a frontrunner and be emulated by the rest of the world, we should aim at shaping the most successful model – one that is just and sustainable from an economic, social and environmental viewpoint. Adopting a model which does not lead to growth based on Sustainable Development, would only isolate us in the international area, paving the way for other global competitors to take leadership. EU climate diplomacy will play an important role in promoting the European approach and in ensuring fair competition between the EU and competing continents.
- 1.2 Reaching the revised 2030 targets, as proposed in the Fit for 55 package, will unevenly impact sectors, regions, communities and individual people across Europe. To address those concerns, the EESC recommends that the European Commission should undertake a granular mapping and analysis of the impacts the transition will have on employment and skills in the different countries, regions and sectors, including on subcontractors and the downstream value chains. There is no one-size-fits-all, therefore measures aimed at driving the transition will have to be tailor-made reflecting the different realities across Europe, bearing in mind the need for a level-playing field and the different starting points of Member States.
- 1.3 The EU Institutions should develop additional proposals to mobilise massive public and private investments at European and national levels to support the transition in those sectors and regions that will need to be radically transformed to reduce their GHG emissions. In this regard the EESC is of the firm view that the size and scope of the Just Transition Fund should be significantly increased to match the challenges at stake.
- 1.4 The EESC calls on the EU Institutions and Member States to propose a new governance framework to anticipate and manage changes related to the green transition in the world of work. It should also encourage Member States to create tripartite ‘Just Transition Commissions’ to allow regional authorities, social partners and civil society organisations to participate in the implementation of the national and regional Just Transition plans.
- 1.5 The EESC is of the opinion that the EU should work towards the objective of climate neutrality (net-zero greenhouse gas emissions), while ensuring competitiveness and security of energy supply at affordable cost for businesses and citizens. Ensuring European competitiveness should go hand in hand with ensuring that EU competitors adhere to the highest environmental and social standards. Strengthening carbon leakage protection against third country imports is essential to ensure environmental integrity as well as social acceptance of EU climate policy.
- 1.6 The EU regulatory framework needs to ensure that the most competitive businesses in the coming decades will be the frontrunners in sustainable and low carbon business models. The EESC is therefore of the firm opinion that regulations should pave the way for the development and market uptake of new technologies, including demand-side measures to create lead markets and incentivise consumption of low carbon products. Furthermore, all legislative proposals put forward within the framework of Fit for 55 should undergo a competitiveness check in line with SDG principles so that the full implications on enterprise are well understood.

- 1.7 The EESC firmly believes that specific attention must be given to the economic sectors where there is a strong participation of MSMEs. MSMEs have the potential to accelerate innovation in products and solutions to decarbonise the European economy.
- 1.8 There is a strong need for policy coherence, recognising the interlinked nature of the climate and biodiversity crises. Reductions in energy and material consumption, as per Circular Economy, will complement new technologies. Sectoral strategies and funding models should reflect Fit for 55, for example ensuring landowners/land managers/farmers are compensated for natural carbon storage in soils and that environmentally damaging subsidies are stopped.
- 1.9 It is essential to clearly and honestly communicate the costs and the benefits for taking the drastic and extensive actions needed to reach climate neutrality for 2050. These changes will affect all sectors and regions and the benefits may not be immediately felt. Ensuring broad support will require an unprecedented level of understanding and engagement from all members of society.

2. Reason for and structure of this opinion

- 2.1 The objective of this opinion is to provide the EESC's overall perspective on the Fit for 55 package proposed by the Commission on 14 December. It stresses the need for the package to deliver a socially fair, competitive and green transition. The EESC will provide specific opinions for all relevant legislative proposals of the package.
- 2.2 The EESC insists that the Fit for 55 package needs to be linked to the UN 2030 Agenda and the Sustainable Development Goals that the EESC has supported in earlier opinions. The SDGs are especially useful as they are global and cover not only the pressing climate issue behind the Commission package but also other necessary goals for economic and social sustainability that have to be fulfilled for the package to be successful. The opinion below is therefore presented along the lines of the three main aims of the UN SDGs.

3. Core principles – Specific views of the EESC on the Commission document

A socially fair transition

- 3.1 In its resolution on the Conference on the Future of Europe, the EESC proposed "a new narrative for Europe that ties Europe's distant and recent past to the present, and provides a vision for the future built on cooperation across borders, strengthening the links between the people of Europe, and rooted in values of solidarity, social justice, inter-generational cooperation, gender equality, sustainable prosperity, and just green and digital transitions. It is imperative to leverage public support for these values, in order to re-think our growth and governance models towards sustainability, build a more equal society and place civil society organisations at the centre of this reconstruction and recovery"¹. The EESC strongly believes

¹ A New Narrative for Europe - The EESC resolution on the Conference on the Future of Europe, point 2.1, [OJ C 286, 16.7.2021, p. 1](#).

that a well-designed implementation of the Fit for 55 package will contribute to making this new narrative a reality.

- 3.2 The EESC has also stated that focus is needed on a fair and sustainable recovery from the COVID-19 crisis that paves the way to a more inclusive society, builds long-term competitiveness and creates an environment of collaboration, taking full account of the intertwined social, economic, democratic, demographic and climate crises in EU Member States, the necessity for green and digital transitions, as well as the longer term structural changes being triggered by the pandemic². The ultimate goal of the EU must be to strengthen our social market economic model, where a sustainable, competitive economy and well developed social policies go hand in hand. Following from this, achieving the European Green Deal – that the EESC has welcomed since its very beginning – is the way forward. The Green Deal is the new European growth strategy, with prosperity, sustainability and social justice at its heart. Delivering a just transition to a climate neutral way of life, fostering quality jobs and promoting sustainable entrepreneurship and innovation, including the circular economy and social economy, will be key for a prospering Europe³.
- 3.3 The Fit for 55 package is a stepping stone towards a net-zero European economy by 2050. Such a transition will require a thorough reassessment of the way we live, work and behave. Bearing in mind that there is no one size that fits all, measures to drive the transition will have to be tailor-made reflecting different realities across Europe, bearing in mind the need for a level playing field and the different starting points of Member States.
- 3.4 Reaching the revised 2030 targets, as proposed in the Fit for 55 package, will unevenly impact sectors, regions, communities and individual people across Europe. It is indeed clear that the rapid shift towards a decarbonised economy will entail massive challenges for citizens, workers, companies and regions, especially those that are the most reliant on carbon-intensive sectors and industries. It is also worth noting that Member States at the periphery also face significant challenges in the transition away from carbon. If those challenges are not sufficiently addressed, this could result in increased inequalities and lead to massive restructuring processes, unemployment and deindustrialisation of territories, lands and environments. This could create a lack of social acceptance and political backlash from EU citizens against the European Green Deal agenda.
- 3.5 To address those concerns, the EESC calls on the European Commission to propose additional policy measures to strengthen the social and labour dimension of the European Green Deal. At the moment, the Commission's legislative proposals are indeed designed with the ambition of achieving the 2030 climate target – which is absolutely needed – but fall short of sufficient measures to ensure a just transition for European workers and low-income households. To be socially acceptable, the climate ambition proposed in the package should be matched by an

² A New Narrative for Europe - The EESC resolution on the Conference on the Future of Europe, point 2.1, [OJ C 286, 16.7.2021, p. 1.](#)

³ A New Narrative for Europe - The EESC resolution on the Conference on the Future of Europe, point 2.4, [OJ C 286, 16.7.2021, p. 1.](#)

equivalent social ambition, in line with the recent Porto Declarations made by the EU Council, the European Pillar of Social Rights and the ILO Guidelines for a Just Transition.

- 3.6 More concretely, to reinforce the social dimension of the package, the EESC calls on EU Institutions to:
- 3.6.1 Make a granular mapping and analysis of the impacts the transition will have on employment and skills in the different countries, regions and sectors, including on subcontractors and the downstream value chains. An analysis of the impact on public finances, trade flows and consumers is also required. Such granular mapping would complement the overall perspective of previous impact assessments made by the Commission and would provide the necessary knowledge to develop adequate employment, social and territorial policies.
 - 3.6.2 Develop additional proposals to mobilise massive public and private investments at European and national levels to support the transition in those sectors and regions that will need to be radically transformed to reduce their GHG emissions. When advocating for such investments one should also keep in mind Member States with unfavourable economies of scale, connectivity challenges and low emission mitigation potential. In that regard, the size and scope of the Just Transition Fund should be significantly increased to match the challenge at stake.
 - 3.6.3 Ensure that National Energy and Climate Plans contain just transition strategies. In the 2023 update of their National Energy and Climate Plans (NECP), Member States should be required to systematically identify the social challenges expected from the Fit for 55 package as well as the detailed measures and resources that will be necessary to manage them. Such just transition strategies will be needed to accompany workers in their transition, to ensure adequate training, reskilling and upskilling as well as to assist in the creation of alternative quality jobs in the same regions. When developing skills strategies and active labour market strategies, social partners and civil society organisations should be properly involved through social dialogue and civil society platforms.
 - 3.6.4 Propose a new governance framework to anticipate and manage changes related to the green transition in the world of work. Such a framework should guarantee workers' right to information and consultation when it comes to the development of just transition plans in their workplaces and regions. Based on the enforcement of existing rights, the framework should also strengthen social dialogue as well as the wider dialogue with civil society.
 - 3.6.5 Guarantee the proper involvement of existing European social dialogue structures – such as the Tripartite Social Summit, Sectoral Social Dialogue Committees or European Works Councils – in the development and monitoring of European Green Deal policies and the development of transition pathways for industrial ecosystems and recovery plans.
 - 3.6.6 Encourage Member States to create tripartite Just Transition Commissions to allow regional authorities, social partners and civil society organisations to provide recommendations and to negotiate national and regional just transition plans. The input of the Member States, regions, social partners and civil society is vital to ensure an adequate response and to give credibility to the commitment that no one should be left behind.

- 3.7 All citizens will be severely impacted by future climate policies, especially when it comes to carbon pricing mechanisms. It is clear that meeting the 2030 targets will come at a cost, especially those with the lowest income. Such costs will have to be properly explained. Special/social measures will have to be put in place to protect and support the most vulnerable citizens, as they will be the most exposed to the impact of additional costs. Such measures will be key to ensuring the buy-in from citizens necessary for an orderly transition.
- 3.8 The EESC has prepared a separate opinion where it welcomed the establishment of the proposed Social Climate Fund in order to mitigate the negative social and economic impacts of the new carbon pricing and in order to provide funds to Member States to support their measures addressing the social impact of this emissions trading on financially weaker households, micro-enterprises and transport users. As indicated in that opinion (TEN/759), the EESC calls on Member States to exploit the synergies of the Social Climate Fund with other available financial resources and to use it in the most efficient way⁴.
- 3.9 At the same time, the EESC notes that market-based mechanisms are capable of setting the Union firmly on the path to long-term sustainable change assuring economic development while balancing social and environmental needs at the time of transition. These will need to be accompanied by cultural and behavioural changes and systemic changes in sectoral practices, and environmentally damaging subsidies must stop⁵.
- 3.10 The EESC also recalls that the major challenges we all face and the profound transitions in our economy, in how we deal with nature and the environment, and in our own lives, which are necessary for a truly sustainable world, will only succeed if citizens, workers and their organisations are actively involved⁶.

A competitive transition

- 3.11 The business community fully embraces the challenge of climate change and is ready to undertake the required steps towards achieving the 55% reduction target. The private sector is ready to do its part, to invest massively in the required infrastructure and technologies and create the good quality jobs. All this however requires predictable regulatory investment framework. All legislative proposals put forward within the framework of Fit for 55 should undergo a competitiveness check in line with SDG principles so that the full implications on enterprise are well understood.
- 3.12 The Green Deal provides us with a unique opportunity to build a stronger and more sustainable future and Europe's enterprises must be an integral part of all solutions moving forward. The EU should work towards the objective of climate neutrality (net-zero greenhouse gas emissions),

⁴ [TEN/759 Social Climate Fund](#), EESC opinion adopted in the EESC Plenary of 8-9 December 2021, points 1.1 and 1.2.

⁵ The International Monetary Fund has made a calculation on direct and indirect fossil fuel subsidies worldwide ([published in September 2021](#)), which is approximately USD 6 trillion each year.

⁶ *Resolution - European Economic and Social Committee's contribution to the 2022 European Commission's work programme* based on the work of the Ad hoc group on the "EESC contribution to the European Commission's 2022 work programme", point 1.5, [OJ C 341, 24.8.2021, p. 1](#).

while ensuring competitiveness and security of energy supply at an affordable cost for businesses and citizens.

- 3.13 Ensuring European competitiveness should go hand in hand with ensuring that competitors both inside and outside of the EU adhere to the highest environmental and social standards. This should also be reflected in trade deals between the EU and third countries. The regulatory framework needs to ensure that the most competitive businesses in the coming decades will be the frontrunners in sustainable and low carbon business models. Ensuring competitiveness should not be misinterpreted as an excuse for operating at the lowest common denominator in terms of green standards, in a global market. Indeed, a coherent strategy for increasing the export of low carbon goods and services from within the EU to third countries is important.
- 3.14 Yet, in the short term, low carbon technologies require massive capital investment and, in most cases, entail higher financial operating costs and technological risks than traditional ones. The early adopters of the new business models should be supported in order to ensure their innovation does not come at a competitive disadvantage. Support must respect the principles of equitable access to SME finance tools and should be based solely on climate objectives.
- 3.15 To facilitate the required massive investment in zero-carbon electricity there is a need for visibility vis-à-vis long-term market signals and instruments. One of the biggest bottlenecks to the deployment of renewable energy projects is the lengthy and complex permitting procedures. The EESC strongly supports the Commission's efforts in this direction.
- 3.16 Investment decisions to meet the 2030 targets will have to be made in the very imminent future, at a time where the European economy is still recovering from the economic crisis induced by the COVID-19 pandemic. It is therefore essential that the EU finds the right equilibrium between the Green Deal and the Recovery and Resilience Fund to drive investments in future-oriented technology and practices. EU policy makers should also make sure that the Fit for 55 package and Next Generation EU are used to create new quality jobs and tap into the employment potential of the strategic sectors of the green transition.
- 3.17 The legislative proposals need to ensure that GHG emission reductions are achieved by stimulating transformational investments in Europe. This would strengthen European leadership in international negotiations on climate change.
- 3.18 The EU and national industrial policies should address the challenges linked to the decarbonisation effort. We need to assist industry and workers in the low-carbon transition, particularly in the so-called hard to abate sectors exposed to international competition, such as energy-intensive industries or agriculture. Measures should therefore be put in place to effectively prevent the risk of displacing production and importing carbon-intensive goods. In the absence of equivalent commitments from third countries, higher EU climate ambition requires strengthened carbon leakage protection, not only to preserve industrial competitiveness and fight against unfair competition, but also to ensure environmental integrity as well as the social acceptance of EU climate policy.

- 3.19 As stated earlier, just transition strategies should be developed – through social dialogue – to ensure adequate reskilling of the workers in impacted sectors as well as job-to-job transitions. During that process, it will be essential to guarantee adequate social protection and well-functioning public services to support and accompany workers in transition.
- 3.20 Specific attention should also be given to the economic sectors where there is a strong participation of SMEs. SMEs have the potential to accelerate innovation in products and solutions to decarbonise the European economy. At the same time, they need support in accessing technologies to decarbonise their production, processing, remanufacturing and distribution processes.
- 3.21 Although the EU is responsible for 8% of all emissions, it has rightly taken the lead in undertaking action to achieve a climate-neutral economy by 2050. In doing this, we must ensure that the model that is developed is a successful one which allows companies to grow and create quality jobs, society to prosper and the environment to recover. A successful model will guarantee a global leadership role for the EU whilst a partially successful model will mean that we would have to follow the lead of others such as the USA or China. The EESC strongly believes that the EU has considerable technical expertise which allows Europe to take the industrial leadership in the Green Economy. External EU action or climate diplomacy will play an important role in promoting high environmental standards in the world market.
- 3.22 Europe needs to capitalise on its current position as front-runner on climate change by acting as an innovation catalyser. Even greater efforts and resources should be placed in supporting research, development and deployment programmes both at European and at national level without picking winners at a too early stage as the range of technologies and energy sources to support the low-carbon transition is broad. To this end, it would be reasonable to analyse the current system of education and research funding to propose solutions that would allow Europe to compete more effectively with America and Asia.
- 3.23 Access to low-carbon energy sources such as electricity and hydrogen at globally competitive prices is essential for the successful transformation of manufacturing industry. This needs a supportive legal framework and a timely development of adequate infrastructure.
- 3.24 As pointed out by the International Energy Agency, most of the global reductions in CO₂ emissions through 2030 come from technologies readily available today. But in 2050, almost half the reductions would have to come from technologies that are currently at the demonstration or prototype phase. In heavy industry and long-distance transport, the share of emissions reductions from technologies that are still under development today is even higher. Therefore, it is crucial that regulations pave the way for the development and market uptake of new technologies.
- 3.25 At least in the initial phase of the transition, demand-side measures will also be necessary to create lead markets and incentivise consumption of low-carbon products, since they are usually less cost competitive than traditional ones.

- 3.26 The EESC underlines that the green transition can only succeed if the EU has the skilled workforce it needs to stay competitive. At the same time the EESC is calling on the Commission to update the Fit for 55 impact assessments already carried out to ensure they contain the most recent and relevant data and provide the most accurate picture possible of the impacts involved.

A green transition

- 3.27 The twin crises of climate and biodiversity must be tackled together. Climate solutions that negatively impact biodiversity and habitats are not acceptable as part of a package that is designed to achieve emissions reductions. The Fit for 55 package needs to be linked to the UN Sustainable Development Goals and coherent with the already agreed commitments in Agenda 2030 and with the European Pillar of Social Rights.
- 3.28 The nine planetary boundaries⁷ identified by scientists must be a guiding principle in monitoring the impact of human activity, economic policies, and climate actions.
- 3.29 Restoring nature and assisting the urgent recovery of biodiversity must form part of the legislative *aquis* to ensure a green transition and be at the centre of the forthcoming EU Nature Restoration Law. Protection and maintenance of existing biodiversity rich habitats should not be overlooked.
- 3.30 The use of natural ecosystems to capture and store carbon should be coupled with appropriate public finance in the form of subsidies as well as new green business models and it is important that the appropriate landowner/land manager/farmer is the recipient of these funds. Carbon storage, and biodiversity protection and recovery are public goods. This principle needs to be reflected in the forthcoming Carbon Farming Initiative.

A Soil Directive proposal should follow urgently from the publication of a New Soil Strategy. A focus on soil is critical for biodiversity and natural carbon storage.

Ensuring the transition is achieved with mechanisms that promote broad acceptance and support by the general public

- 3.31 It is vital that citizens and stakeholder groups are supported in being mobilised to be an active part of the transition to a low carbon society. The fears and concerns around the challenges of transitioning can be alleviated through engaging with stakeholders of all kinds. A coordinated Climate Diplomacy Initiative should be launched, to include a Civil Society Climate Diplomacy Network.
- 3.32 National, Member State-specific distributional mechanisms for the Social Climate Fund should be clearly identified, with a consultation process, to ensure the costs of transitioning are evenly distributed, and financial supports reach those who most need them. The EESC, with its

⁷ <https://www.stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html>.

network of approximately 100 million citizens, could play a role in facilitating the design of these mechanisms.

- 3.33 Clear messaging around the benefits of reducing dependency on imported fossil fuels, and the multi-faceted benefits of a net-zero carbon society should be coherently communicated to combat false narratives that aggravate populist agendas.
- 3.34 Implementation of Fit for 55 requires strong governance structures to include all stakeholders in the design of adaptation measures. It must be recognised as an intergenerational challenge, and must be taken as an opportunity to address gender imbalances in the workplace, in earnings, and in opportunities.
- 3.35 Clear direction on the distribution of targets is important. The strict commitments such as those bound in Climate Law should identify who has to do what, a sector-by-sector binding target set at national level.
- 3.36 A go-to space should be created that streamlines and identifies funding streams for industry and SMEs to facilitate the mobilisation of funding.

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