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Fair and balanced?

How was Fit for 55 taken up by the CEE

Zofia Wetmańska, Senior Analyst

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Fit for 55: the CEE perception

How do governments of CCE countries perceive Fit for 55 package?

Poland

The transformation of our energy sector is a necessity, but we must consider how to carry it out to ensure a stable electricity supply and a competitive energy price without hitting the poorest ones. The Fit for 55 package may make it difficult to us, but it also creates some opportunities – **Adam Guibourgé-Czetwertyński, Deputy Minister of Climate and Environment**

Czechia

The proposal is much more radical than we expected and we are concerned that it will have a fundamentally negative impact on our industry and the employment of our people – **Andrej Babiš, Czechian PM**

Slovakia

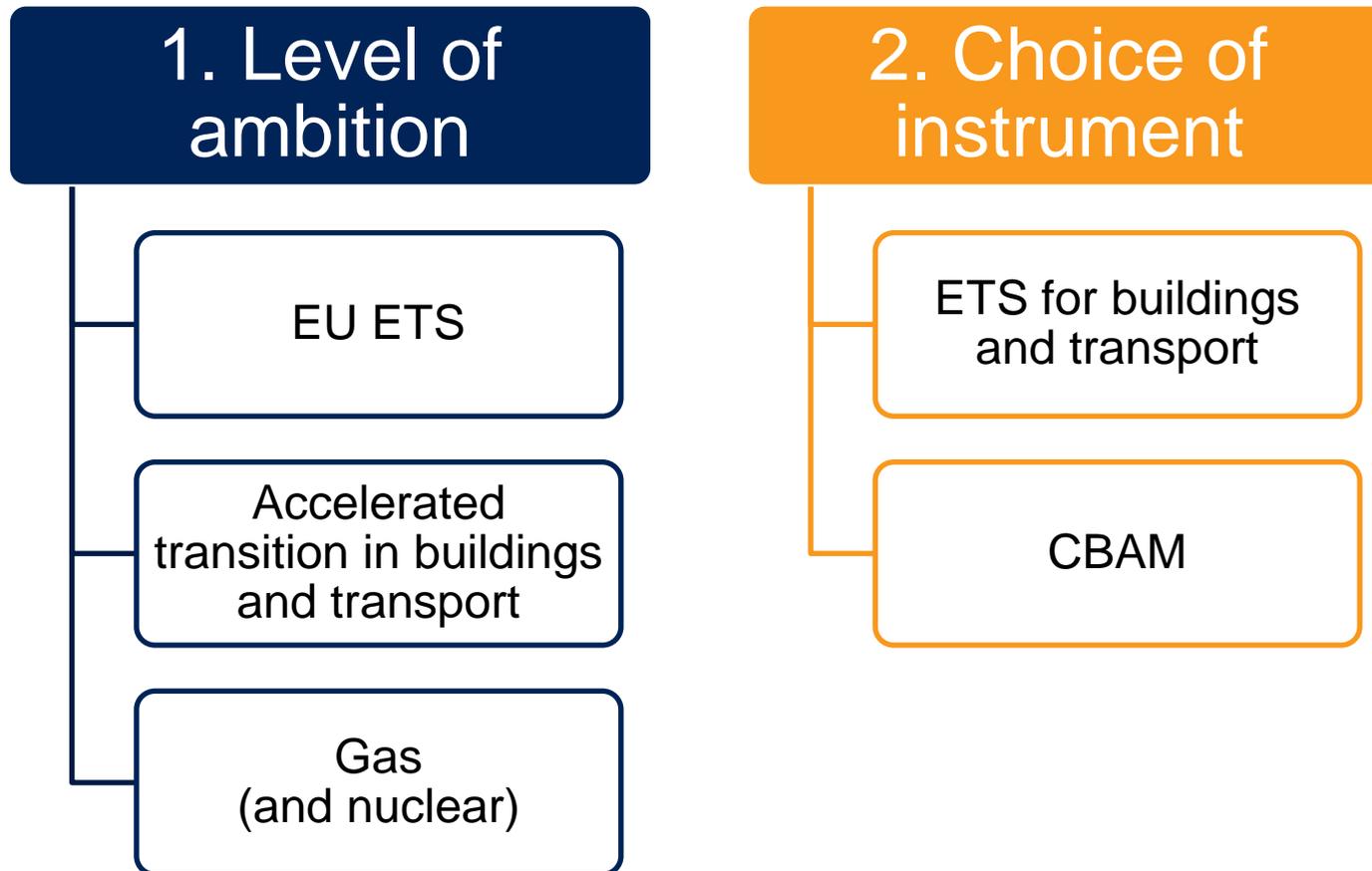
The most ambitious climate and energy package yet – Fit for 55 – may plague Visegrad countries, but it can also be a great opportunity thanks to its innovative character and well-targeted investments – **Michal Kiča, State Secretary of the Slovak Ministry of the Environment**

Lithuania

Lithuania welcomes the package, as it reflects our expectations – implementation of the CBAM and increase in the Modernization Fund. – **Simonas Gentvilas, Lithuanian Minister of Environment**

Hungary

The European Commission's package of proposals for reducing greenhouse gas emissions, called Fit for 55, is unacceptable in its current form – **Gergely Gulyás, the Minister of Hungarian Prime Minister's Office**



1. Level of ambition

Issues raised by the government

▪ CO2 imbalance

imbalance between the number of CO2 emission allowances allocated to Poland, and the number of allowances that installations operating in Poland must acquire

Identified solutions

- 100% of ETS revenues for transformation
- Increased size of the Modernisation Fund
- Increased absorption of the Innovation Fund's resources by business in Poland

The „imbalance” will depend on the actions undertaken by the government with regards to decarbonisation – the level of ambition and pace of transformation

*„If the free emission allowance allocation is limited, there will be a disproportionate increase in carbon price, which will result in less investments in zero carbon technologies” – **Slovakian employers***

Issues raised by the government

Identified solutions

Poland

▪ Energy poverty

In addition, one should be very careful with changes that may lead to an increased burden on society, and already at this stage adequately address the risk of increasing energy poverty. With this in mind, we have very serious doubts about the legitimacy and effectiveness of the introduction of the allowance trading scheme for transport and buildings –
Polish Ministry of Climate and Environment

- Poland as the largest beneficiary of the Social Climate Fund
- Countries can design instruments that will protect most vulnerable social groups e.g. the Spanish case

Slovakia

I am not sure whether the Social Climate Fund will prevent energy poverty –
Eduard Heger, Slovak PM

Hungary

It will not be the polluters who will pay, but the consumers –
Gergely Gulyás, the Minister of Hungarian Prime Minister's Office

Lithuania

More clarity is needed when it comes to Social Climate Fund. Additional criteria are needed to better reflect the need for energy in households and difficulties of energy poverty faced by lower-income population –
Simonas Gentvilas, Lithuanian Minister of Environment

Issues raised by the government

- **Lack of finance for investments in natural gas**

Polish government insists on recognizing natural gas as a transition fuel. It highlights that:

„the special role of gas should be acknowledged in the Taxonomy” – **Polish Ministry of Climate and Environment**

The representatives of the government also refer to the rules outlined for the Modernisation Fund, which in current shape do not allow for investments in fossil fuels.

Identified solutions

- Concerns about the discrimination of natural gas are raised by state actors, the representatives of civil society emphasize, that there is no place for fossil fuels in climate-friendly Europe

„The scope of the Modernisation Fund should be revised in order to provide for respecting the importance of the transitional role of natural gas” – **official statement issued by the Group prior to the presentation of the Fit for 55 package**

Nuclear energy is essential if we want to meet climate targets – **Andrej Babiš, Czechian PM**

Rejecting natural gas will delay the coal phase-out – **Karel Havlíček, the Minister of Industry, Trade and Transport**

Increase in the share of RES is technically viable, but the state must be more active – **Štěpán Chalupa, the chairman of the Chamber of Renewable Energy Sources**

2. Choice of instrument

Choice of instrument

ETS for buildings and transport	The issue	Uniform approach across MS = unjust distribution of costs
	The solution	EU framework for national social protection measures

CBAM	The issue	Uncertain efficiency of CBAM and complexity of its operationalisation
	The solution	The EC suggests phasing in the CBAM provisions whilst phasing out the free allocation – the reform is gradual

Slovakia

*„As a result of the introduction of a carbon duty on steel, cement and aluminum, Slovakia could increase production in these sectors. For steel it could be even a 10% increase” – **Slovakian industry***

vs.

*„CBAM will not compensate for the effects of the gradual reduction of free emission allowance allocation” – **National Union of Employers***

Open questions

- Whether CEE countries will approach Fit for 55 as a package or whether its impact will dissolve into incremental measures?
 - Fragmented operational capacities at the Ministerial level?
 - Silos thinking?
- Mitigating the costs: is there readiness to efficiently deliver social protection measures at the national level?
- General public perception of the package and links to the broader debate on the EU – opposing narratives: positive green modernisation programme vs undue burden on catching-up Member States.



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Thank you for your attention

zofia.wetmanska@wise-europa.eu



Green Recovery

From crisis to sustainable recovery

For Poland, the biggest recovery challenge is not associated with the disbursement process of the available EU funds, but ensuring that the projects and reforms identified by the National Recovery and Resilience Plan answer to the strategic challenges of the XXI century.

Maciej Bukowski, Paweł Leszczyński, Zofia Wetmańska



Alternating Current

Landscape of climate finance in the Polish energy sector

Deep transformation of the Polish energy system is possible without the need to increase the current investment levels in renewable energy, provided that the rate of investments in solar energy is maintained and investments in wind energy become unlocked. Access to finance is not a limiting factor for a significant reduction of GHG emissions in the Polish energy sector by 2035.

Edited by Maciej Bukowski



CEE CLIMATE POLICY FRONTIER

Policy options from beyond CEE to bridge the gap between the CEE frontier and the Paris Agreement goals



Slide 4:

- <https://www.cire.pl/artykuly/serwis-informacyjny-cire-24/wiceminister-klimatu-rozszerzenie-ets-o-transport-i-budynki-moze-zwiekszyc-ubostwo-energetyczne>
- <https://euractiv.cz/section/energetika/news/stale-uzsi-eu-se-meni-ve-stale-zelenejsi-eu-co-na-to-rika-stredni-evropa/>
- <https://koronavirus.gov.hu/cikkek/gulyas-gergely-magyarorszag-tovabbra-europa-egyik-legbiztonsagosabb-oroszaga>
- <https://euractiv.cz/section/klima-a-zivotni-prostredi/news/z-klimatickych-planu-komise-ma-cr-obavy-babis-je-bude-tlumocit-timmermansovi/>
- <https://am.lrv.lt/lt/naujienos/simonas-gentvilas-aplinkos-taryboje-issake-lietuvos-parama-es-zaliajam-kursui>

Slide 7:

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- <https://euractiv.sk/section/klima/news/fit-for-55-socialne-dosledky-obchodu-s-emisiami-ma-tlmit-novy-fond/>

Slide 8:

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