

## CEP Magazine – July 2020 EU considers changes to fossil fuel regulatory framework

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The European Union spends more than \$200 billion subsidizing oil, coal, and natural gas, according to a report by the European Parliament, and the COVID-19 pandemic is presenting the union with an opportunity to transition to renewable energy sources and away from fossil fuels.

EU Energy Commissioner Kadri Simson told Bloomberg<sup>[1]</sup> that “[n]ow is a good time to reflect how our regulatory framework—including tax systems—can better support a more sustainable and resilient future’ ... ‘Getting rid of fossil fuel subsidies while lowering taxes on electricity can nudge us in the right direction, without putting too much pressure on the consumers.’”

The EU Green Deal<sup>[2]</sup> is a comprehensive initiative to create a circular economy. Some of the provisions in the deal include a new system for evaluating and disclosing substances of very high concern, the right to repair, and the increased use of renewable energy sources. The regulatory burden of the Green Deal is considerable and will likely mean increased costs for companies entering the EU market.

<sup>1</sup> Ewa Krukowska, “Oil Slump Spurs Talk of Ending EU Subsidies for Polluting Fuels,” *BNN Bloomberg*, April 29, 2020, <https://bit.ly/3bVkJQdI>.

<sup>2</sup> “A European Green Deal: Striving to be the first climate-neutral continent,” European Commission, accessed May 6, 2020, <http://bit.ly/36fodWW>.

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