

The transition to climate neutrality will be very challenging. We should recognise the Commission' leadership in launching the regulatory process.

Brussels, 14 July 2021: The Commission published today its Fit for 55 package designed to drive the EU on the path to climate neutrality by 2050. Whilst welcoming the Package for its constructive proposals, FuelsEurope is concerned by the lack of recognition of the contribution of sustainable and renewable fuels in the vehicle CO2 regulation and the weakening of the carbon leakage protection for the EU industries.

FuelsEurope welcomes the Commission's **Fit for 55 Package** published today in that it contains constructive proposals for the decarbonisation of transport, and developing the policy framework necessary for the transition of the fuels industry. These proposals include the Refuel EU Aviation and Fuel EU Maritime, the Renewable Energy Directive, the Energy Taxation Directive and the new ETS for road transport and buildings.

John Cooper, Director General FuelsEurope, stated *"It however also raises concerns about the lack of recognition of the contribution of sustainable and renewable fuels in the vehicle CO2 regulation, and the weakening of the carbon leakage protection for the EU industries. Additionally, the implementation of a transport and buildings ETS will generate a cost for fuels customers on top of existing fuels taxation which will need careful judgement."*

Refuel EU Aviation & Fuel EU Maritime:

The proposals set the conditions for a growing uptake of low-carbon fuels in these transport sectors where the potential for electrification is limited.

We welcome the announcement of the upcoming Renewable and Low-Carbon Fuels Value Chain Alliance, to boost the supply and deployment of these fuels for all modes of transport

Energy Taxation Directive:

We welcome the proposal for a taxation based on the climate impact of fuels and energy. The proposal needs however to ensure a better harmonisation among Member States of taxation rules and levels, necessary to safeguard a well-functioning single market.

Renewable Energy Directive:

The revision of the Renewable Energy Directive has grasped the opportunity to ambitiously drive the decarbonisation of the energy system, including transport.

We welcome the transport target expressed in terms of GHG reduction, as it is more effective in stimulating the deployment of alternative fuels.

Renewable and Low Carbon Fuels Value Chain Alliance

We welcome the announcement of the upcoming Renewable and Low-Carbon Fuels Value Chain Alliance, to boost the supply and deployment of these fuels for all modes of transport.

CO2 in Cars and Vans:

The revision of the CO2 standards for cars and vans regulation misses the opportunity to stimulate the deployment of different

innovative low-carbon technologies complementing each other to enable the effective and efficient decarbonisation of this transport sector.

Recognising the contribution of renewable sustainable fuels in this regulation would support the production at scale of renewable fuels for the mitigation of GHG emissions from the existing car fleet. It would ease EU's ability to reach its climate neutral transport objectives timely while leaving no one behind. The technologies for sustainable and renewable fuels are capital intensive and road transport can play a critical role as a lead market, as a no-regret option to scale up these fuels for the benefit of aviation and maritime. We call for revisiting the proposal.

EU ETS:

The Fit for 55 Package released today risks weakening the existing carbon leakage protection measures as the EU increases its climate ambition in light of the European Green Deal.

As long as competitors in third countries are not subject to equivalent carbon costs and constraints, carbon leakage is a major threat for the EU industrial value chain.

The replacement of European industrial goods by imports from foreign countries with weaker carbon and environmental constraints, as well as avoiding pushing carbon-intensive production outside Europe, negatively affects both the global climate action and the EU industrial basis. Given the importance of Europe's industrial strategy, we believe this should be looked at the great care.

ETS for Transport and Buildings

ETS for transport fuels will likely be on top of existing fuels taxation, and will bring a welcome element of carbon pricing. However this will need careful judgement by the EU and also Member State governments.

John Cooper concluded *"The Fit for 55 Package is a starting point for the policy debate between the Parliament, the Council and the Commission. FuelsEurope and its members are ready to contribute to that work to develop an operational plan toward a balanced and socially inclusive transition towards climate neutrality."*

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FuelsEurope, the voice of the European petroleum refining industry

FuelsEurope represents with the EU institutions the interest of 40 companies operating refineries in the EU. Members account for almost 100% of EU petroleum refining capacity and more than 75% of EU motor fuel retail sales.

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