

European defence and military mobility threatened by shrinking refining capacity

Brussels, 01 July 2025: The White Paper for European Defence – Readiness 2030 published on March 19, 2025 by the European Commission falls short of recognising the strategic role of fuel manufacturing plants for military preparedness, mobility and security of fuel supplies.

Liquid fuels — both conventional and renewable/low-carbon — ensure unrivalled energy density and seamless integration in the existing infrastructure. They are easy to store and quickly deploy in large amounts where needed. The EU's military defence system depends on a reliable and readily available supply of liquid fuels — both in peacetime and, even more critically, in times of conflicts and geopolitical crises — when our industry will be called to produce fuels of the required quality and quantity, delivered at the right time and place, to ensure military mobility and keep vital services running in the wider economy.

Recent political choices have failed to recognise the role liquid fuels play to ensure the resilience of the energy system in all circumstances. These choices have assigned liquid fuels a marginal role – and even no role in the case of road transport - for the future. This has strongly limited the interest of investors in deploying financial resources for the low-carbon transition of fuel manufacturing. Competitive industrial fuel production facilities may prematurely close, without having the opportunity to decarbonise or convert to the production of renewable and low-carbon fuels and products. Consequently, entire regions of the EU may be left strategically vulnerable due to inadequate access to secure supplies of liquid energy.

Since the military system procures its fuel through commercial distribution channels, a loss of manufacturing capacity or infrastructure for civilian use could lead to local and regional shortages and disruptions. Therefore, a renewed defence and military mobility strategy should be based on:

- ✓ A resilient, predominantly **EU-based fuel manufacturing industry**, operating fuel manufacturing plants strategically distributed across Europe, including in the most endangered regions. The global competitiveness of this strategic network of industrial and logistic infrastructure should be preserved, as well as protected from external threats.
- ✓ An extensive **distribution and storage network** delivering fuels at every corner of the continent, **securely allowing citizens to travel and heat their homes, industries to operate and essential services to function**. Even in the event of regional and global crises (as recently demonstrated by the war in Ukraine).

- ✓ **A secure supply chain for imports**, to cover the possible temporary peak in demand in case of extraordinary, wartime needs.

Energy security is not only a prerequisite for a resilient EU defence system, it is also an essential enabler of a competitive EU economy. Within the framework of the low-carbon transition towards climate neutrality by 2050, energy security can be significantly enhanced — leveraging the increasing availability of domestically sourced feedstocks — through the gradual transformation of existing, strategic EU refineries to make renewable and low-carbon products for transport & the industrial value chains.

However, without the perspective of a long-term market demand for fuels, competitive refineries may be decommissioned or transformed into terminals, to the detriment of the EU's supply security and defence readiness.

In fact, substantial financial resources are needed to keep a refinery in operation (ordinary and extraordinary maintenance, upgrades to meet new regulatory constraints), and even more for investments in the low-carbon transformation. This can only happen in the presence of a compelling business case. In its absence, the EU risks an untimely reduction in domestic manufacturing capacity of fuels and refined products, even when the EU demand is still significant. In particular, and especially in the event of a conflict, certain regions of the EU would find themselves heavily dependent on supply from non-domestic sources.

Our proposal: We call on the EU Institutions — under the leadership of the European Commission — to:

- ✓ Perform a **fuel infrastructure stress test**, weighing the impact of reduced civil demand for liquid fuels on the residual refining capacity in the medium and long term.
- ✓ Develop a concrete **Action Plan to ensure the competitive transition of this industry**, while ensuring long term security of supply of liquid fuels for military and crisis management purposes.

The stress test and the Action Plan should carefully assess the impact of the success or failure of the transition of refineries on the industrial value chain and on the EU military system.

We stand ready to engage in a constructive dialogue with the European Commission to ensure the EU defence system retains a secure supply of energy.

In particular, we look forward to contributing to the stakeholder consultation on the upcoming Joint Communication on Military Mobility, accompanied by the necessary legislative proposals, by the end of 2025.

FuelsEurope, the voice of the European fuel manufacturing industry. FuelsEurope represents, within the EU institutions, the interest of 40 companies manufacturing and distributing conventional and renewable fuels and products for mobility, energy & feedstocks for industrial value chains in the EU.

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