

# A New Industrial Strategy for Europe and the Circular Economy Action Plan

## A New Way to See the EU Industrial Value Chains

Brussels, 13 May 2020

FuelsEurope supports the goals of the Paris Agreement and the EU's objective of climate neutrality by 2050, and welcomes the publication of the *New Industrial Strategy for Europe* and the *Circular Economy Action Plan* as key enablers for the European Green Deal, projecting EU competitiveness in a global dimension and allowing the deployment of low-carbon technologies.

A competitive transformation should be possible, and we call on the European Commission to provide the right **enabling framework conditions as early as possible**, following the need of **clear, long-term signals to guide investors**; therefore, we welcome every efforts to mobilise the financial sector in accelerating the move towards a prosperous, competitive and sustainable Europe in 2050.

While welcoming the proposed launch of an **alliance on clean hydrogen**, we believe that the energy transition would pose specific challenges towards the liquid fuels value chains, and therefore we ask for the creation of an industrial alliance to lead the **production sustainable alternative – low carbon – liquid fuels**<sup>1</sup>.

### **An industrial alliance for sustainable alternative liquid fuels**

The Industrial strategy and Circular Economy should speed up the development of industrial solutions for the decarbonisation of mobility and of the industrial value chains. As the EU refining industry plays a pivotal role in the industrial value chains, we call on the development of legislative options to boost the production and uptake of **sustainable alternative liquid fuels** for the different transport modes.

We therefore call on the creation of a specific **industrial alliance for sustainable alternative liquid fuels** would be key to empower a competitive and sustainable transition: low carbon liquid fuels could represent a significant contribution to the EU long-term sustainability objectives, allowing the industrial strategy to have a direct link with the strategy for sustainable and smart mobility.

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<sup>1</sup> These are sustainable liquid fuels able to reduce CO<sub>2</sub> emissions during their production and use compared to conventional fossil-based fuels. For any additional references: Low Carbon Pathways Project - A holistic framework to explore the role of liquid fuels in future EU low-emission mobility (2050 (page 8): [https://www.concawe.eu/wp-content/uploads/2018/04/Working-plan\\_Low-Carbon-Pathways.pdf](https://www.concawe.eu/wp-content/uploads/2018/04/Working-plan_Low-Carbon-Pathways.pdf)

### **The Circular Economy Action Plan**

We welcome the Circular Economy Action Plan and its potential in guiding Europe towards the transition from a linear to a more circular economy, which also implies maintaining the value of products, materials and resources in the economy for as long as possible and minimising the generation of waste. The EU refining industry is deeply engaged in these important areas, with innovations and initiatives that aim to improve air and water quality and minimise waste – or, when possible, re-use products and by-products before they become waste<sup>2</sup>.

We welcome the European Commission’s efforts to cooperate with stakeholders in key value chains to identify barriers to the expansion of markets for circular products and ways to address those barriers, as there is the need to support the creation of **“lead markets for climate neutral and circular products<sup>3</sup>”** in Europe.

We are keen, in the short/medium term to focus efforts on **reducing the GHG intensity** of the petrochemical feedstock produced in refineries and to apply the principles of the circular economy to increase the feedstock originating from waste and re-used products<sup>4</sup>.

We also believe that the **Waste-to-Fuel and Waste-to-Feedstock technologies<sup>5</sup>** is a promising area for accomplishing the objectives of the circular economy, and we support the use of waste feedstock to produce 2nd generation Biofuels<sup>6</sup>

### **Carbon Border Adjustment Mechanism**

Until consistency on worldwide carbon pricing and ambition can be achieved, FuelsEurope welcomes the European Commission initiative to examine proposals for carbon border adjustment mechanisms that would reduce the risk of carbon leakage as the EU increases its climate ambition in the European Green Deal context.

### **Be part of the debate**

FuelsEurope, as part of the High Level Group Energy Intensive Industries, values the recognition that those industries are indispensable to Europe’s economy, appreciates the initiative of the creation of an **inclusive and open Industrial Forum** and looks forward to learning more about its governance and the future set-up.

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<sup>2</sup> FuelsEurope Vision 2050 (link: [https://www.fuelseurope.eu/wp-content/uploads/DEF\\_2018\\_V2050\\_Narratives\\_EN\\_digital.pdf](https://www.fuelseurope.eu/wp-content/uploads/DEF_2018_V2050_Narratives_EN_digital.pdf))

<sup>3</sup> A New Industrial Strategy for Europe, p. 7 ([https://ec.europa.eu/info/sites/info/files/communication-eu-industrial-strategy-march-2020\\_en.pdf](https://ec.europa.eu/info/sites/info/files/communication-eu-industrial-strategy-march-2020_en.pdf))

<sup>4</sup> FuelsEurope Vision 2050

<sup>5</sup> Promoting the use of non-recoverable waste (i.e. waste plastic, waste oils)

<sup>6</sup> FuelsEurope Vision 2050

The EU refining sector wants to be actively engaged in:

- contributing to the strategy on **smart sector integration** as we agree with the commission statement “the carriers of energy (electricity, gas and liquid fuels) will need to be used more effectively by linking different sectors”;
- The exercise that the Commission will undertake in the screening and analysis of **industrial needs and identify ecosystems**;
- Supporting the European Commission in identifying the most effective measures to ensure the collection and the environmentally **sound treatment of waste oils**.

### Conclusions

FuelsEurope’s Vision 2050 is showing that the **European refining industry is already developing various low-carbon solutions**, from low-carbon fuels to sustainably improving industrial processes, all the while providing affordable solutions to mobility, EU citizens, and the industrial value chains, making a critical contribution to the EU’s 2050 climate-neutrality objective. This is the reason why we finally recommend that the following measures taken after the publication of the *New Industrial Strategy for Europe* and the *Circular Economy Action Plan* should be considering all solutions that contribute to meeting the EU energy, environmental, climate and circular economy goals in order to ensure a **technology neutral approach and a level-playing field**.

#### 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.

FuelsEurope aims to promote economically and environmentally sustainable refining, supply and use of petroleum products in the EU, by providing input and expert advice to the EU institutions, Member State Governments and the wider community and thus contributing in a constructive and pro-active way to the development and implementation of EU policies and regulations.

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