

The informal Council meeting of 8th of November is an opportunity to start turning Mr. Draghi's recommendations into actions.

Brussels, 4 November 2024: With the upcoming informal Council meeting in Budapest on the 8th of November 2024, FuelsEurope recommends to the Presidency of the Council of the EU and the Head of States or Governments to structure the political discussion along the critical findings and recommendations of the Draghi Report. More specifically how to support the transition of Energy Intensive Industries, consider the challenge of carbon leakage in trade matters, reducing the administrative burden for European businesses, emphasizing the role of renewables and low-carbon fuels in all transport sectors, and finally ensuring that the technology neutrality principle remains the driver of all European regulations and policies.

The Draghi report, which received an overwhelming support from a vast majority of European political and business stakeholders, identifies three critical actions: closing the innovation gap with the US and China, pursuing a joint plan for decarbonisation and competitiveness, and enhancing security while reducing dependencies. These steps are vital to avoid negative economic impacts and ensure Europe's global standing.

Liana Gouta, Director General at FuelsEurope commented *"The Draghi Report powerfully urges the EU and Member State regulators to prioritise competitiveness and growth as essential pillars for safeguarding Europe's core values of prosperity, equity, freedom, peace, and democracy in a sustainable environment. The EU's future is inseparably tied to the competitiveness of its industries in the global economy. Failure to act risks undermining both the economy and social welfare in the long term. The informal Council meeting of 8th of November is an opportunity to start turning Mr. Draghi's recommendations into actions"*.

Liana Gouta added *"We invite the Council to appreciate Mr. Draghi's recognition of the strategic role of renewable and low-carbon fuels, particularly in decarbonising all transport modes. His report highlights the EU's leadership in this area and calls for a review of the CO₂ fleet emissions regulation, advocating a truly technology-neutral approach. It emphasizes the need to assess the potential and competitiveness of carbon-neutral fuels."*

FuelsEurope furthermore calls on the Council to carefully take into account Mr. Draghi's effective analysis of the main challenges EU Energy Intensive Industries (EII) are facing, in particular the higher energy prices and emissions costs they face compared to their global competitors. The report rightly calls for substantial public support to prevent de-industrialisation and ensure economic security during the low-carbon transition. Specifically, the disparity between the support that EII receive compared to the generous subsidies provided to their global competitors, who are not facing equally stringent decarbonisation targets, represents a clear competitive disadvantage.

FuelsEurope considers that the EU institutions should always keep in mind that substantial investments are needed to decarbonise the EU, and the EII face the hurdles of red tape and an unlevel playing field. In line with the Antwerp Declaration, the recommendations in the Draghi report are of utmost importance. These include for instance removing regulatory incoherence and simplifying legislation to meet the unique needs of EII, or ensuring affordable energy during the transition period." She also strongly underlined; "The report stresses that the cumulative impact of EU legislation on EII must be addressed, ensuring a competitive environment through policy coordination and integration with the Clean Industrial Deal."

As a priority to the fuel manufacturing sector, specifically on the Carbon Border Adjustment Mechanism (CBAM), FuelsEurope's welcomes Mr.

Draghi's acknowledgement of CBAM's complex implementation, and the need to address potential risk of circumvention and carbon leakage, as well as the fact that CBAM does not level the playing field for exporters.

Liana Gouta commented: *"The Council should be particularly vigilant to the risk of Carbon leakage and ensure that the Commission addresses this before the end of the transitional implementation period of CBAM"*.

The Council should also acknowledge the growing regulatory burden, intensified by recent geopolitical challenges, as Mr. Draghi's report underscores. This has led to a complex and costly legislative framework that threatens European competitiveness. Liana Gouta stated: *"FuelsEurope wishes to support and amplify with the Council the report's call for simplifying EU reporting requirements, particularly regarding sustainable finance and corporate sustainability, the recommendation for a 25% reduction in reporting obligations and the introduction of a robust competitiveness test for all new regulatory proposals. Finally, we see also the urgent need to introduce a rigorous process for assessing the cumulative impact of*

legislation, including both compliance costs and administrative burden."

FuelsEurope is ready to cooperate with the European Commission and Member States to make the recommendations of Mr. Draghi's report a reality and successfully implement the measures needed to ensure the competitive future of the EU. More than ever, we need to restore EU's industrial competitiveness, boost innovation and refocus on the global market. FuelsEurope strongly believes that the fuel manufacturing industry has a crucial role in the proposed plan for decarbonisation and competitiveness as proposed in the Draghi report, which is described in its ["More than a Manifesto...an Offer for Europe"](#) published in June 2024 outlining our contribution to make the EU more resilient, sustainable and competitive.

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FuelsEurope, the voice of the European fuel manufacturing industry. FuelsEurope represents, within the EU institutions, the interest of 41 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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