

More than the Target — It's About Delivery: Europe Needs Enabling Measures to Make the 2040 Target Real

Brussels, 02 July 2025: The European Commission has set the 2040 climate target, but turning it into reality will require concrete enabling measures for all strategic sectors of the economy. The recognition of high-quality international carbon credits is welcome, but we need a higher cap, an early inclusion and the possibility to use them also for compliance in EU carbon market.

Moreover, recognition of domestic permanent carbon removals should be accessible to all ETS sectors. The fuel manufacturing industry is engaged in contributing to the 2050 climate neutrality, but we regret that the conditions are not in place to unlock the full potential. We call for a supportive regulatory framework, enabling a clear and stable business case for investment. Therefore, a Strategic Dialogue and an Action Plan for the EU Refining and Fuel Manufacturing Industry are urgently needed to secure Europe's industrial leadership in the climate and energy transition.

As the European Commission puts forward its 2040 climate target proposal, it marks yet another step in Europe's path toward climate neutrality. But we must be clear: it is not the target that will cut emissions — it is the policies, technologies and investments we put in place that will determine success.

The European Refining and Fuel Manufacturing Industry reaffirms its commitment to be a reliable partner in the energy transformation. As a backbone of Europe's industrial fabric, we play a critical role in decarbonising the industrial value chain and all transport modes — civil, commercial and military — while powering the mobility of people, goods, and services and securing Europe's energy resilience.

However, ambition must be matched with pragmatism in equal measure. EU leaders must now define a coherent regulatory framework that supports both climate goals and Europe's industrial strength. Without this, the 2040 target risks becoming symbolic rather than transformative.

Europe's industry needs long-term visibility. We need investment certainty. We need fair treatment. That includes strong, effective safeguards against carbon leakage and consequently job relocation. The business case for decarbonisation must be compelling — or investment will go elsewhere.

Our sector is tightly interlinked with other strategic industries, notably chemicals. Our feedstocks are essential for their decarbonisation too. This makes our role systemic.

Our industry has already started the transformation — progressively substituting fossil-based products with renewable and low-carbon fuels. But to scale this transition, we need:

- Technology-neutral rules for low-carbon fuels and products;
- A clear role for renewable and low-carbon fuels across all transport segments, including aviation, maritime, defence, and as a complementary option for road transport;

- A European value chain to mobilise sustainable biomass and enable domestic production;
- A non-ideological, science-based approach to chemicals and emissions regulation.

Liana Gouta, Director General FuelsEurope, stated *“Setting targets is the easier part. Delivering them is the real challenge. Without the right enabling conditions — investment signals, regulatory certainty, and strategic planning — we risk turning ambition into disillusionment. Our industry stands ready to deliver, but we cannot do it alone. That’s why we are calling for a Strategic Dialogue and an EU Action Plan to secure our competitiveness and accelerate the energy transition.”*

The Commission’s proposal also includes international carbon credits. We support this measure, but the current 3% cap from 2036 is too restrictive and too late. Moreover, it should also be possible to use international carbon credits for compliance in EU carbon market. If the goal is competitive decarbonisation, the tools must match the challenge. High-integrity international credits should be part of the EU carbon market already in the post-2030 framework.

Connecting carbon markets can reduce costs, enhance global fairness, and unlock much-needed investment. But this only works if governed by robust, transparent rules that ensure environmental integrity and public trust.

We also urge the recognition of domestic permanent carbon removals as compliance tools for all ETS sectors. Europe cannot meet its climate goals without them. Recognising international removals under equivalent standards will further enhance flexibility and cost-effectiveness.

FuelsEurope remains fully committed to supporting EU institutions in designing a realistic, inclusive and effective pathway to 2040 — one that works for people, industry, and the planet.

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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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