

A pragmatic and flexible 2040 climate framework for a competitive industrial future

Brussels, 15 September 2025: *We welcome the European Commission's consultation on the proposal to amend the European Climate Law to include the 2040 climate target. This target marks a critical milestone in the EU's climate ambition and will require a regulatory framework that is not only ambitious but also flexible and competitiveness-driven - one that enables innovation, encourages investment, and allows for the scale-up of all viable solutions. Only through such a pragmatic approach can the EU ensure both climate progress and the resilience of its industrial base.*

The fuel manufacturing industry plays a critical role in ensuring energy security, enhancing industrial competitiveness, and achieving the objectives of the EU Green Deal - particularly by supporting the decarbonisation of transport and other key industries that rely on our products as raw materials.

As committed partners in the energy transition, we support the EU's goal of climate neutrality by 2050 and the 2030 target of 55% emissions reductions.

However, ambition must be accompanied by pragmatism: achieving the proposed 2040 climate target requires an enabling regulatory framework that supports both climate goals and Europe's competitiveness. Without this, the 2040 Climate Target risks becoming unrealistic.

While the 2040 target sets an ambitious destination, it lacks the enabling measures to ensure delivery. European industries need a viable business case to drive the scale of investment required for breakthrough technologies and low-carbon solutions.

Liana Gouta, Director General of FuelsEurope, states: *"Europe must keep all options on the table to reach its ambitious 2040 target. If the EU wants to achieve its climate ambitions while maintaining industrial resilience and delivering on the Clean Industrial Deal and the Draghi Report recommendations, we need a more flexible and inclusive framework that recognises both high-quality international credits and domestic removals from the outset, while ensuring equal access to compliance options for all ETS sectors."* She added *"We urge the EU to establish supporting infrastructure, enhance transparency on residual emissions, and stimulate lead markets for renewable and low-carbon products. Only by combining regulatory flexibility, robust safeguards, and demand-side measures can the EU achieve its ambitious climate goals while safeguarding industrial competitiveness."*

We stress the urgent need for the following key enabling measures:

- **Advance the integration of international credits beyond the 3% cap and from the outset of the post-2030 framework, as**

they can play a role in achieving net zero and contributing to market functioning.

- **Strengthen flexibility in the EU ETS through removals and international credits and ensure equal access to decarbonisation options across ETS sectors**, as these solutions can contribute to market functioning, especially as the framework moves towards a period of expected market shortage.
- **Enhance policy integrity through greater transparency on residual emissions**, enabling better understanding of where further decarbonisation efforts must be concentrated and what policy instruments will be necessary to reach the target.
- **Support the demand for renewable and low-carbon goods to provide for a**

business case to invest in decarbonisation at scale, to complement the existing focus on the supply side. To unlock the full potential of industrial decarbonisation, we must go further - by actively stimulating and supporting demand for renewable and low-carbon goods.

- **Enable supporting infrastructure**, including electricity grids, hydrogen pipelines, CO₂ transport networks, and storage facilities.

FuelsEurope is ready to engage with the institutions to contribute to the designing of the enabling measures.

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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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