

European Council Sets the Course for Technology Neutrality and a “Made in Europe” Ambition, with a Pragmatic 2040 Climate Target

Brussels, 29 October 2025: the European Fuel Manufacturing Industry takes note of the European Council Conclusions on 23 October as a reality check on Europe’s current industrial circumstances. The Conclusions reaffirm the principles of technology neutrality in the CO₂ Regulation for cars and vans, and strengthen the ambition of a “Made in Europe” industrial revival. These directions must guide collective efforts for Europe’s industrial decarbonisation and transition toward climate neutrality by 2050 and any intermediate targets.

The forthcoming review of CO₂ emission performance standards for cars and vans must ensure that renewable and low-carbon fuels contribute to compliance. This approach will accelerate decarbonisation, support affordable mobility for citizens, and strengthen European manufacturing by stimulating new value chains in clean fuels, energy and advanced vehicle technologies.

Liana Gouta, Director General of FuelsEurope stated: “The Council reaffirmed the principle of technology neutrality in the CO₂ regulation for cars and vans. This must open the door to all proven decarbonisation pathways, including renewable and low-carbon fuels.”

A genuine “Made in Europe” strategy will boost domestic production of vehicles, energy and fuels — enhancing Europe’s energy security and leveraging its sustainable biomass and industrial know-how. This is how Europe can reduce dependency on imported energy while securing quality jobs and resilient supply chains.

Liana Gouta underlined “A ‘Made in Europe’ strategy is the way to combine climate leadership with competitiveness, innovation, and energy security.”

The Council’s call for a revision clause for the 2040 climate target is also a decisive step toward a more credible and dynamic climate framework. The clause must provide for periodic and transparent reviews that reflect evolving economic conditions, technological progress and global competitiveness, ensuring Europe’s climate pathway remains both ambitious and achievable. Against this backdrop, the 2040 target should be adjusted to ensure that climate policy remains aligned with Europe’s economic and industrial reality.

The fuels manufacturing industry further supports expanding the use of international credits and removals beyond the 3% cap, introducing them earlier in the post-2030 framework, as these credits can play a valuable role in achieving net zero and in supporting the proper functioning of the carbon market. In parallel, flexibility within the EU ETS should be reinforced through the inclusion of removals and international credits, ensuring that all ETS sectors have equal access to multiple decarbonisation options.

As we now look forward to the Environment Council discussions on 4 November on how to support the achievement of the EU's intermediate climate target for 2040, we firmly believe the Commission's proposal must be amended via the introduction of regulatory provisions to make the transition economically sustainable, while keeping Europe competitive.

Liana Gouta stated: "We expect Ministers, and the Danish Presidency to anchor Europe's climate ambition in industrial reality. The 2040 target must remain adaptable to Europe's economic and technological evolution."

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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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