

Early Signals on Renewable Fuels Require Clarity and Ambition to Unlock Their Full Potential

Brussels, 17 December 2025: The Commission's proposal to revise the CO₂ Standards for light-duty vehicles introduces, for the first time, an explicit recognition that renewable fuels, including both biofuels and efuels, may contribute to meeting the 2035 target.

Liana Gouta, Director General, states *"this indicates that the role of renewable fuels in the decarbonisation of road transport is, to a certain extent, acknowledged also in the vehicle regulation"*.

However, without access to the full legislative text, it is not yet possible to determine how the compensation mechanism actually works, and consequently how renewable fuels are allowed to contribute to the road decarbonisation objectives.

At this stage, it remains unclear how this mechanism will function in practice, how manufacturers will be expected to demonstrate compliance, and whether the mechanism will result in creating a genuine increase in the

demand for renewable fuels. This does, however, not appear to be a clear investment signal for renewable fuels.

A detailed analysis of the complete proposal will be indispensable in the coming days. Only with full transparency on the design, and implementation of the compensation mechanism will it be possible to assess its effectiveness and its potential contribution to Europe's broader renewable fuels strategy, while offering alternative, and affordable decarbonisation options to all EU citizens.

The future of the EU's domestic renewable fuels industry, and its ability to serve road transport as well as aviation, maritime, and defence, depends on a regulatory environment that creates stable, long-term demand and recognises the strategic importance of multiple decarbonisation pathways.

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About FuelsEurope

FuelsEurope represents the EU conventional and renewable fuels & industrial value chains products manufacturing industry in the policy debate with EU Institutions and other stakeholders, providing an expert opinion on the production process, distribution and use of our industry's products. 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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