

Token Recognition of Renewable Fuels Is Insufficient

CO₂ Standards for light-duty vehicles: Key elements for co-Legislators to address

Brussels, 12 January 2026: Following the European Commission's mid-December proposal to revise the CO₂ emission standards for light-duty vehicles, the debate now moves to the European Parliament and Member States. As the co-legislators take over to define their positions, it is essential to clarify what the proposal does, -and does not- deliver for the decarbonisation of road transport, so that the debate can be kick-started on a realistic basis and deliver concrete results.

For the first time, the Commission acknowledges that renewable fuels, both biofuels and e-fuels, should be allowed to contribute to emissions reductions in new cars beyond 2035 under the CO₂ standards. This marks a shift from the current Regulation's approach that excludes renewable fuels in new cars from the post-2035 framework. However, recognition in words alone will not deliver results.

The question now is: "Does the proposal create real change on the ground or does it remain largely symbolic? Is this sufficient or does it fall short?"

The answer, at this stage, is truly concerning.

While renewable fuels are mentioned for their contribution in emissions savings, they are assigned only a minimal role, capped at a restrictive 3%, under a compensation mechanism that severely limits their potential impact and undermines their role in accelerating decarbonisation of road transport.

Let's be clear:

- The new category of vehicles running exclusively on "CO₂-neutral fuels", whose registration the Commission had committed to bring forward under Recital 11 of Regulation (EU) 2023/851, has been omitted.
- Technology neutrality is not reinstated through the mere 3% on credits generated by renewable fuels that the car industry must surrender and renewable fuels are not treated on an equal footing with other decarbonisation technologies
- The tailpipe approach, which results in the exclusion of renewable fuels, continues to dominate the CO₂ Regulation, with zero-emission vehicles defined exclusively as electric (or hydrogen) vehicles, preventing the car industry from truly leveraging renewable fuels in meeting its decarbonisation mandates.
- A credible, long-term investment signal to support the ramp-up of renewable fuels production is still lacking.

Liana Gouta, Director General FuelsEurope, stated *"The clock is ticking not only for the competitiveness of the car industry, but also for the future and prospects of the European refining industry in its progressive transformation to produce renewable fuels, which is today, and will continue being in the future, strategic for the security of supply of the EU. There is an urgent need for a stronger and clearer framework, to encourage investments in renewable fuel production in Europe, supporting not only the decarbonisation of road*

transport, but also that of the aviation and maritime sectors, which will continue to rely on renewable liquid fuels for decades to come. Now is the time to turn words into real action. “

We urgently call for:

- The introduction of a new class of vehicles – included in the definition of zero-emission vehicles – running exclusively on CO₂ neutral fuels after 2035, to complement electromobility in the decarbonisation of road transport.
- The removal of the unnecessary 3% cap and recognition of the progressive increase in the contribution of renewable fuels, in line with the Renewable Energy Directive.
- Considering the GHG savings from renewable fuels, which are eligible under the RED, as CO₂-neutral for the calculation of the fuel credits. This would restore consistency with the way biogenic emissions are treated under ETS and ETS2.

Liana Gouta stressed *“The upcoming legislative negotiations are therefore decisive. The Parliament and Member States now have a responsibility to strengthen the proposal by restoring technology neutrality, removing unnecessary caps, and ensuring that renewable fuels can contribute in line with their growing role under EU renewable energy legislation. Delivering on Europe’s climate objectives will require political courage, turning stated principles into legislation that enables real investment and real emissions reductions.”*

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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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