

Windfall profit taxation would undermine investment in Europe's security of supply and energy transition

Brussels, 8th April 2026: The European refining and fuels manufacturing industry fully recognises that the current geopolitical and related energy crises are creating exceptional circumstances and pressure on households and businesses with high energy costs.

These exceptional circumstances have triggered the letter of 3 April 2026 from the finance ministers of Austria, Germany, Italy, Portugal and Spain calling on the European Commission to swiftly develop a new EU wide windfall profit tax. However, the arbitrary imposition of windfall or double taxation on extraordinary profits, repeating the 2022 "solidarity contribution" initiative, would send a very worrisome message to both domestic and foreign investors about the lack of a predictable and stable regulatory framework in the EU. Renewed proposals for windfall profit taxation, on top of other regulations – including the EU Methane Emissions Regulation – place a significant burden on the economic sustainability of the refining and fuel manufacturing industry.

Refining margins are structurally cyclical and subject to significant volatility driven by factors beyond operators' control. Short-term margin peaks cannot be used to assess the long-term economic sustainability of refining activities. Recurrent extraordinary taxation applied during periods of high margins, without symmetric treatment during downturns would weaken the sector's resilience, accelerate asset closures and undermine Europe's energy security.

We strongly caution against repeated recourse to extraordinary taxation: it would add regulatory unpredictability, risk discouraging long term capital allocation to the low-carbon transition of the European refining and fuels manufacturing, and ultimately undermine Europe's ability to provide secure, affordable and reliable energy supplies.

Role and transformation of the European refining and fuels manufacturing industry

- The European refining and fuels manufacturing industry is undergoing a profound low carbon transformation of its business and operations, with a dual objective:
 - Contributing to the EU's decarbonisation targets; and
 - Ensuring the security of affordable energy supply.
- This industry has demonstrated its essential role for Europe's energy system and economy, its reliability as a secure energy supplier to EU businesses and citizens, notably during recent crises such as the COVID 19 pandemic and the war in Ukraine.
- In the current context of geopolitical supply constraints, imposing additional regulatory or fiscal burdens risks further weakening Europe's capacity to secure timely, affordable, and reliable energy supplies. Security of supply depends on sustained investment in European assets.
- It is therefore essential to safeguard the industry's capacity to continue providing this critical service, including for the EU's defence system.

The risk of undermining investors' confidence should be avoided

- The low-carbon transformation of existing refining assets requires substantial investments, while maintaining the economic sustainability and the competitiveness of current operations.
- The prospect of recurring extraordinary taxation measures, following the 2022 Solidarity Contribution, risks fundamentally undermining the confidence on investors by introducing regulatory unpredictability, thereby discouraging long-term capital allocation to European refining assets, decarbonisation and transformation projects.
- Repeated extraordinary taxation would further undermine investor confidence and capital allocation, accelerating refinery closures ¹ and delaying investments in low-carbon and renewable fuels, therefore increasing Europe's reliance on imports and weakening the development of EU-based energy transition solutions.

Concluding asks

Against this background, FuelsEurope recommends that Member States and EU Institutions refrain from any new initiatives on extraordinary taxation (including windfall profit or "double" taxation), whether at EU or national level. Ensuring security of supply requires an open and well-functioning market, underpinned by regulatory restraint, proportionality, and sufficient flexibility, together with stable, predictable frameworks that enable the investments needed to maintain, upgrade and decarbonise Europe's refining and fuels manufacturing assets.

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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.

Contact : Alain Mathuren
T +32 2 566 91 19
F +32 2 566 91 11
alain.mathuren@fuelseurope.eu
www.fuelseurope.eu

¹ since 2009, around 35 refineries have closed in Western Europe (over 20% of capacity).