Joint Statement

Anchoring Renewable Fuels in the CO_2 Regulation

for Passenger Cars and Light Commercial Vehicles

The 30 signatories support the objectives of the Paris Agreement and achieving net greenhouse gas neutrality in the European Union (EU) by 2050. Meeting this goal will require decisive action to decarbonise road transport, supported by policy improvements that encourage innovation and further unlock investments in clean technologies. The CO_2 regulations for passenger cars as well as light-duty vehicles (LDVs), the Renewable Energy Directive (RED), and the ETS II are central instruments in this regard.

The signatories support a technology-open approach in which electric mobility represents the main path to decarbonisation of LDVs. Therefore, we call for more flexibility in the revision of the CO_2 emission performance standards. In addition to electric mobility, renewable fuels will play an indispensable role in meeting climate targets. Consequently, their role must also be incorporated within the CO_2 emission performance standards, in addition to the important contribution of vehicle technologies such as Plug-in-Hybrid Vehicles (PHEVs) and Electric Range Extender Vehicles (EREVs).

Within the framework of the upcoming review of the CO_2 regulation for LDVs, we jointly call for the following adjustments:

1. Equal treatment of new and existing vehicles

Climate policy must apply to all vehicles. While the CO_2 fleet regulation targets only new vehicles, the Renewable Energy Directive applies to fuels used in both new and existing fleets. To unlock their full potential and drive investment across the value chain, the use of renewable fuels must also be recognised in new vehicles. Limiting renewable fuels to the existing fleet would weaken investment incentives along the entire value chain. Effective decarbonisation will only be achieved if renewable fuels can be equally accepted in both new and existing vehicles.

2. Introduce a Carbon Correction Factor (CCF)

Under the current CO_2 fleet regulation, vehicles with internal combustion engines are still treated as 100 percent powered by fossil fuels, regardless of the actual fuel used. This approach distorts reality, since the EU fuel mix is no longer entirely fossil. According to the EU SHARES database, the share of renewable fuels in the EU fuel mix already exceeded five percent in 2022. A CCF must take this real share into account and systematically integrate the actual CO_2 emission reductions from renewable fuels into the fleet regulation. This is necessary for the regulation to accurately reflect real progress in the fuel sector and make the contribution of renewable energies to climate protection visible. In practical terms, this would mean that the official CO_2 value of a vehicle would be reduced by the share of renewable fuels in the EU fuel mix, as reported in the SHARES database. For example, with a five-percent renewable fuel share, a vehicle emitting 100 g/km of CO_2 would be accounted as only 95 g/km.

3. Recognise vehicles running exclusively on renewable fuels as zero-emission vehicles

Vehicles running exclusively on renewable fuels[1], must be recognised as zero-emission vehicles – in the same way that battery-electric vehicles and fuel-cell-electric vehicles are. Downstream taxation and charges for vehicles running exclusively on renewable fuels should likewise be aligned with those of battery-electric vehicles. It is essential that vehicles running exclusively on renewable fuels can be introduced into the market shortly after the review, and thus before 2030. There is no factual basis for delaying their introduction until 2035. On the contrary, an early market opening would accelerate the urgently needed investments in production, infrastructure, vehicle development and the manufacturing of renewable fuels, thereby ensuring long-term demand certainty for renewable fuels.

4. Establish a uniform legal definition for Renewable Fuels

A binding European legal definition for renewable fuels is required. In principle, all RED eligible fuels should be classified as renewable fuel. The following definition, aligned with the RED, should be included in the CO_2 regulation:

"Renewable Fuel" means all fuels defined by the Renewable Energy Directive (EU) 2018/2001, provided that they meet the sustainability criteria of that Directive and associated delegated acts, where the same amount of CO_2 from biomass, ambient air or recycled carbon sources is bound in the fuel production as is released during combustion in the use phase. Those fuels shall include renewable and/or synthetic fuels, such as biofuel, biogas, biomass fuel, renewable liquid and gaseous transport fuel of non-biological origin (RFNBO) or a recycled carbon fuel (RCF)."

A clear and practical definition will create legal and investment certainty for producers, operators and users, forming the basis for planning, certification and accounting within the CO_2 regulation on LDVs.

5. Gradual strengthening of CO_2-reduction requirements for Renewable Fuels

The minimum CO_2-reduction requirement for renewable fuels must continuously and realistically be increased. The review of the CO_2 fleet regulation should therefore include a recital stating that RED IV and its subsequent regulations should establish a long-term trajectory for new production units, ensuring that investments in existing facilities are not compromised, by defining a progressive level of emission reduction. This trajectory should ensure regulatory coherence with the EU's long-term climate objectives, thus stimulating investment in new, highly efficient production facilities and fostering technological innovation within the fuel sector.

The concrete implementation of this provision should subsequently be included as part of the review of the RED. The evolution of these criteria will be guided by technical and economic assessments, ensuring planning and investment security along the entire value chain and supporting the scale-up of renewable fuels.

[1] The EU Commission has also been given the task of developing a methodology for the approval of heavy-duty vehicles that run exclusively on CO_2-neutral fuels – (EU) 2019/1242. The VDA will accompany the process.

Conclusion

A successful European climate policy requires technology-open instruments and incentive-based framework conditions. The proposals set out above outline the long-term perspective urgently needed for the scale-up of renewable fuels in road transport, strengthening investment, innovation, and industrial capacity sustainably. The signatory associations therefore call on the European Commission to swiftly implement and legally integrate renewable into the CO_2 regulation for LDVs as part of the forthcoming review. Only then will Europe be able to achieve its climate goals efficiently, economically and socially responsibly.

Signatories

1	FAHRZEUG INDUSTRIE FACHVERBAND DER FAHRZEUGINDUSTRIE ÖSTERREICHS	Austrian Federal Economic Chamber	Austria
2	FEBIAC	Belgian Federation of the Car and Two-Wheeler Industries (FEBIAC)	Belgium, Luxembourg
3	Energia	Belgian Federation of Multi-Energy Solutions for Mobility & Heating (ENERGIA)	Belgium
4	CAPPO	Czech Association of Petroleum Industry and Trade (CAPPO)	Czechia
5	AutoSAP CZECH AUTOMOTIVE INDUSTRY ASSOCIATION	Czech Automotive Industry Association (AutoSAP)	Czechia
6	AUTIG	Danish Automotive Trade & Industry Federation (AUTIG)	Denmark
7	BACC	Baltic Automotive Cluster (BACC)	Estonia
8	CLEPA European Association of Automotive Suppliers	European Association of Automotive Suppliers (CLEPA)	EU
9	FuelsEurope FUELLING EUROPE'S FUTURE	FuelsEurope	EU
10	IRU	International Road Transport Union (IRU)	EU
11	FIEV ÉQUIPER LE FUTUR DE L'AUTOMOTIVE	French Federation of Vehicle Equipment Industries (FIEV)	France

12		German Association of the Automotive Industry (VDA)	Germany
13		German Association for Fuels and Energy (en2x)	Germany
14		Hungarian Petroleum Association (HPA)	Hungary
15		Fuels For Ireland	Ireland
16		Italian Association of the Automotive Industry (ANFIA)	Italy
17		Energies for Mobility Italian Association (UNEM)	Italy
18		Baltic Automotive Cluster (BACC)	Latvia
19		Baltic Automotive Cluster (BACC)	Lithuania
20		Luxembourg Automotive Suppliers Association (ILEA)	Luxembourg
21		Polish Automotive Industry Association (PZPM)	Poland
22		Polish Association of Automotive Parts Distributors and Producers (SDCM)	Poland
23		Polish Organisation of Oil Industry and Trade (POPiHN)	Poland
24		Portuguese Manufacturers Association for the Automotive Industry (AFIA)	Portugal
25		Portuguese Fuels and Lubricants Companies Association (EPCOL)	Portugal

26	SAPPO Slovenská asociácia pohonového priemyslu a obchodu	**Slovak Association of Fuel Industry and Trade**	Slovakia
27	ACS Automotive Cluster of Slovenia Slovenski avtomobilski grozd	**Automotive Cluster of Slovenia (ACS)**	Slovenia
28	sernauto Spanish Association of Automotive Suppliers	**Spanish Association of Automotive Suppliers (SERNAUTO)**	Spain
29	AICE	**Spanish Fuel Industry Association (AICE)**	Spain
30	Drivkraft Sverige	**Drivkraft Sverige**	Sweden