

FuelsEurope welcomes the Green Deal Industrial Plan provided it designs a regulatory framework to help European industries' transformation.

Brussels, 1 February 2023: In a letter to President Ursula Von der Leyen, FuelsEurope welcomes the announcement of the Green Deal Industrial Plan, a unique opportunity to urgently address the growing and dangerous trend of de-industrialisation of Europe. The transition of liquid fuels to renewable, fossil-free fuels for all mobility sectors must be fully supported in a strong, stable and strategic policy framework, which would benefit from a US IRA approach consisting of simple measures creating clear incentives facilitating early and sustained investments, on a project-by-project base. It is not just about putting more public money on the table, it is about facilitating that more private money is invested with simpler, and more technology-open regulation.

FuelsEurope welcomes the announcement of the **Green Deal Industrial Plan**, its focus on industrial investment and competitiveness and the renewed attention to energy security in European policy. The implementation of the Green Deal is key but cannot be the basis of job destruction across essential sectors, damage competitiveness for EU supply of essential products and jeopardise investments in the transition. It should be instead an opportunity not to miss to urgently **address the growing and dangerous trend of de-industrialisation of Europe.**

Since the start of the war at Europe's Eastern borders, the liquid fuel products of our industry have been critical to the response of European governments, businesses, citizens and defence systems. The growth in renewable electricity production, electrification of industry and transport is a key enabler of the transition towards climate neutrality. Yet the possibility to almost completely replace liquids with electricity and hydrogen has not been proven, and is extremely ambitious. **The EU will need liquid fuels made from petroleum in Europe by a competitive refining industry throughout the transition until we manage full substitution by non-fossil fuels and energies.**

The transition of liquid fuels to renewable, fossil-free fuels for all mobility sectors must be fully supported in a strong, stable and strategic policy framework. This transition would be fully complementary to the achievements of electrification and hydrogen, to avoid unnecessary energy, economic and societal risks.

Luis Cabra, President of FuelsEurope stated *"we call for the recognition and support of technology-neutral choice of mobility solutions, of investments for the conversion of biomass wastes into advanced biofuels, of synthetic fuel production, of clean hydrogen of all colours, of CCUS technologies, of biorefinery conversions of existing refinery sites."*

With regard to the **US IRA**, FuelsEurope welcomes the fact that the underlying policy aims are the same across the Atlantic Ocean, however there are important lessons for Europe to learn. Luis Cabra underlined ***“EU policies are focussed on ambitious targets, exclusions or bans of some technologies and penalties. While these give signals as to the requirements, size and shape of future markets, they do not provide a clear price signal on low carbon products. This makes investment decisions much more difficult.”*** He added ***“In contrast, the US IRA consists of simple measures creating clear incentives (in this case through federal tax credits) facilitating early and sustained investments, project-by-project.”***

FuelsEurope believes that the transition of Europe’s industry, including low carbon and non-fossil fuels and products, will benefit strongly from measures that can achieve a similar effect. **It is not just about putting more public money on the table, it is about facilitating that more private money is invested with simpler, more technology-open regulation.**

Luis Cabra concluded ***“the Green Deal Industrial Plan is the ideal opportunity to create a regulatory framework to help European industries’ transformation – based on domestic EU production - towards a climate-neutral, affordable, secure and resilient economy.”*** The fuel manufacturing industry is a crucial contributor to the EU energy and climate transition and asks for a strategic approach across policy, such that the industry can remain competitive during the transformation of its business.

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FuelsEurope, the voice of the European Fuel Manufacturing Industry

FuelsEurope represents with the EU institutions the interest of 38 companies manufacturing fuels in the EU. FuelsEurope aims to contribute to the EU legislative process by proactively developing policy positions and proposals that will contribute to meeting the overall EU objective to achieve climate neutrality for the bloc by 2050.

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