

Subject: Industry Declaration on the Future of the European Automotive Sector

We, the signatories of this declaration – representing businesses active across the automotive and renewable fuel value chain – support and share the European Union’s ambition to reach Net Zero in 2050.¹ Today, the automotive sector directly and indirectly employs over 13.8 million people (6.1% of total EU employment),² and generates 7% of European GDP (over €1 trillion).³ Given that it generates nearly one third of overall CO₂ emissions in the EU, we recognise that decarbonising transport – and within this, the automotive sector – will be a deciding factor in whether the EU achieves its climate objectives.⁴ But to do this, we need to use all the solutions at our disposal.

Environmental, climate and energy legislation has evolved considerably over the last few decades – not least CO₂ emissions standards. While policymakers have rightly increased the ambition of these regulations, considerable efforts to create the necessary enabling conditions on the ground are still required. In a landscape increasingly defined by diverse propulsion technologies and fuels, all technologies that can reduce GHG emissions should be recognised, including vehicle technologies such as Plug-in Hybrids (PHEVs) and Range Extender Electric Vehicles (REEVs).

The current approach to emission counting in the CO₂ emissions standards regulation does not address the decarbonisation potential of **RED-compliant sustainable and renewable fuels of biological or synthetic origin**, which can replace or be blended with mainstream fossil fuels. **The EU should recognise this in its transport decarbonisation strategy: renewable molecules can have a significant impact on decarbonising road mobility in addition to electrons.**

Assessing actual impact on EU competitiveness and sovereignty is also key. Businesses and consumers should be given options at hand that suit their needs - as long as these comply with the EU’s overall climate objectives- and be supported by policies that recognise their contribution to the energy transition. This element is particularly important for fleet operators, who need to adapt their fleets to their customers’ requirements and available infrastructure. This flexibility allows them to stay competitive on international markets, where margins are very tight and the total cost of ownership plays a decisive factor. Moreover, growing domestic sourcing of sustainable feedstocks means affordable supply of renewable fuels is readily available, so Europeans would lower their reliance on energy imports to make this transition.

In order to decarbonise while safeguarding Europe’s industrial and energy sovereignty, the signatories of this declaration call on European decision-makers to consider the following asks:

1. **CO₂ Neutral Fuels.** We call for the introduction of an inclusive definition including all sustainable renewable fuels of biological or synthetic origin that meet the sustainability and minimum greenhouse gas saving criteria of the Renewable Energy Directive.
2. **Renewable Fuels Coefficient for vehicle emissions.** We propose adjusting emissions to the yearly amount of CO₂ neutral fuels consumed in the EU market. Vehicle emissions would be multiplied by a factor,

¹ The Commission set the ambitious target of reducing emissions from the transport sector by 90% by 2050 and demands that Member States increase the consumption of renewable energy by 29% or reduce greenhouse gas emission intensity by 14,5% by 2030, as foreseen by the revised Renewable Energy Directive (EU) 2023/2413.

² European Commission. *Automotive industry*. 2025. [URL](#).

³ European Commission. *Commissioner Tzitzikostas' presentation of the Action Plan for the European Automotive Industry*. 2025. [URL](#)

⁴ European Environment Agency, *Transport and mobility key facts*. 2025. [URL](#).

reflecting the share of sustainable and renewable fuels in the market.⁵ This mechanism would offer a more accurate representation of actual emissions from the road transport sector.

3. **Zero Emission Vehicles status recognition for vehicles running exclusively on CO₂ neutral fuels.** While gradually reducing emissions of the rolling stock, exclusive use should be promoted. EU legislation should recognize and encourage the deployment of vehicles running exclusively on CO₂ neutral fuels. Policymakers have already indicated their support for a move in this direction.⁶

List of Signatories



⁵ These factors could be derived from official data, such as the Eurostat SHARES database.

⁶ European Commission. *Regulation (EU) 2023/851 on strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles.* 2023. [URL](#).

ANNEX I

LDV CO₂ regulation 2019/631/EU: Proposed Amendments for the introduction of the “Renewable Fuel Coefficient (RFC)”

Article 3 – Insert new definition (n)

(n) ‘CO₂ neutral fuel’ (CNF) 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 CO₂ 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).

Explanation: Vehicles with an internal combustion engine powered by climate neutral fuels requires a proper definition of CO₂ neutral fuels. Here, all sustainable fuels meeting the GHG emission reduction and sustainability criteria of the Renewable Energy Directive (RED) are included. A fuel is “CO₂ neutral” if the emissions in the use phase are fully compensated by the upstream fuel production process. This means that the equivalent amount of carbon is incorporated in the fuel production, which is emitted later in the use phase with a net zero emission balance of CO₂. It is worth noting that the definition of CO₂ neutral fuels refers to Directive 2018/2001 in its last amendment (RED III).

Article 3 – Insert new definition (o)

(o) ‘Renewable Fuel Coefficient (RFC)’ means a factor which accounts the amount of CO₂ neutral fuels in the European fuel market, and it is used to adjust the CO₂ specific emissions of new vehicles for the purpose of this Regulation.

Explanation: The Renewable Fuel Coefficient (RFC) needs to be defined to consider the share of CO₂ neutral fuels in the European market. This coefficient should correct the CO₂ specific emissions of each new vehicle to better reflect the actual environmental impact. This is a first important step to a more holistic climate policy in the European mobility sector.

Article 4 - Specific emissions targets – Add new paragraph 4

4. The specific CO₂ emissions of vehicles powered by CO₂ neutral fuels, as defined in Article 3 (n), shall be calculated applying the Renewable Fuel Coefficient (RFC) as defined in Article 3 (o) and in accordance with paragraphs 2b of Annex II – Part A.

Explanation: The application of the Renewable Fuel Coefficient (RFC) should be mentioned in article 4, while the calculation details should be specified in annex II. The insertion of this new paragraph improves the readability and the clearness of the calculation rules of the specific CO₂ emissions of vehicles powered by CO₂ neutral fuels.

Annex II PART A – Add new paragraph 2b.

2b. In case of vehicles powered by a blend of conventional and CO₂ neutral fuel, the specific emissions of CO₂ reported in the Certificate of Conformity of the vehicle and in PART A, paragraph 1a. (10) of this annex, shall be calculated in accordance with the following formula:

$$CO_{2s,i} = CO_{2m,i} \times (1 - RFC)$$

Where,

$CO_{2s,i}$ is the specific emissions of CO₂ of vehicle i to be reported in the certificate of conformity of the vehicle and in paragraph 1a. (10) of this annex

$CO_{2m,i}$ is the measured value of CO₂ of vehicle i , derived from type approval emission tests.

RFC is the Renewable Fuel Coefficient, calculated according to the following procedure.

For the following four blends of conventional and CO₂ neutral fuels j ,

1. Gasoline and gasoline fuel of renewable origin
2. Diesel and diesel fuel of renewable origin
3. Natural gas and methane of renewable origin (in both liquid and compressed form)
4. LPG / DME and LPG / DME of renewable origin

the Renewable Fuel Coefficient shall be calculated according to the following formula:

$$RFC = \frac{\sum_{j=1}^4 Q_{CNF,n,j}}{\sum_{j=1}^4 Q_{tot,n,j}}$$

Where:

RFC : is the Renewable Fuel Coefficient for the four blends of conventional and CO₂-neutral fuel as listed above.

$Q_{CNF,n,j}$: is the consumption of CO₂ neutral fuel j accounted to road transport, calculated from the detailed results of SHARES database, referred to the last available reporting period n and calculated as the average value over all EU member states.

$Q_{tot,n,j}$: is the total consumption of a specific fuel j in road transport, calculated from the detailed results of SHARES database, referred to the last available reporting period n and calculated as the average value over all EU member states.

The *SHARES* database is accessible at:

<https://ec.europa.eu/eurostat/web/energy/database/additional-data>

Explanation: The Renewable Fuel Coefficient (RFC) needs to be included in the overall calculation of the specific CO₂ emission of new light-duty vehicles. The RFC reduces the CO₂ emissions of the specific vehicle by considering the existing share of CO₂ Neutral Fuels in the market over the total consumption for road transport.

This new paragraph describes how to calculate the RFC for blends of conventional and renewable fuels, based on the latest available reporting period on the EU Environment Agency's SHARES tool. This database records the amounts of renewable energy used in all Member States for compliance with the Renewable Energy Directive targets (Directive 2018/2001).

To avoid complications due to the movement of vehicles in different EU member states, the proposed methodology suggests using the total EU average consumption of renewable and conventional fuel.

These quantities may require a pre-elaboration of SHARES data from detailed member state reports. Data of the following fuel types are already available:

- Gasoline and renewable gasoline
- Diesel and renewable diesel
- Natural gas and biomethane (in both liquid and compressed form)
- LPG, bioLPG and renewable DME

The database is not considering different types of RFNBOs yet, therefore minor adjustments could be required.

The proposed formula calculates, for each type of fuel, a value comprised between 0 and 1, corresponding respectively to full conventional and to full renewable fuel consumption.

ANNEX II

Additional amendments for new vehicles powered exclusively by CO₂ neutral fuels.

Article 3 – Insert new definition (p)

(p) ‘CO₂ neutral fuel vehicle’ means a new vehicle fuelled by a CO₂ neutral fuel (CNF), as defined in paragraph (n) of this article over the vehicle lifetime.

Explanation: This definition improves the readability of the Regulation, notably the new paragraph of article 4 for vehicles powered by CO₂ neutral fuels (see the following part).

Article 4 - Specific emissions targets – Add new paragraph 5

5. The specific emissions of CO₂ of CO₂ neutral fuel vehicles powered exclusively by a CO₂ neutral fuel, as defined in Article 3 (p), are considered zero for the purpose of this regulation.

By the end of 2026, in accordance with Articles 5 and 15 of Regulation (EU) 2024/1257 on type-approval of motor vehicles and engines and of systems, components and separate technical units intended for such vehicles, with respect to their emissions and battery durability (Euro 7), the Commission shall adopt a delegated act introducing an additional option to implement the rules for the type approval of such vehicles.

The delegated act referred to in this paragraph shall lay down the following:

- **A proper set of monitoring methodologies which are suitable for both liquid and gaseous fuels, covering digital, physical and mass-balancing options treated equally (FOOTNOTE)**
- **A pragmatic and flexible inducement system, that does not introduce any safety risk for the final user**
- **Rules for vehicles travelling outside the EU and in cross-border transport**

(FOOTNOTE) An overview of the monitoring methodologies and inducement systems can be found in the 2024 report of the Working Group of Monitoring Methodologies, including their applicability to liquid and gaseous fuels. The report is accessible here: https://wgmm.eu/wp-content/uploads/2025/08/WGMM_Report-2024_UpdatedVersion.pdf

Explanation: The article 5 of the Euro 7 Regulation includes options for manufacturers concerning the construction and designation of vehicles. CO₂ neutral fuels vehicles could be designated as belonging to an additional option, with proper type approval rules. The Commission is empowered to add new options through delegated acts, according to article 15 of Euro 7 Regulation.

However, the CO₂ regulation should define the main aspects of the approval rules of these vehicles:

- The fact that they will be considered zero emissions for the purpose of the CO₂ regulation
- the definition of a proper set of monitoring methodologies
- the definition of a pragmatic inducement system