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POSITION PAPER

EBB position on the review of CO_2 standards for light-duty vehicles (LDVs) Regulation

The automotive sector is of strategic importance to the European Union's economy. It generates approximately EUR 1 trillion in GDP annually and sustains around 13 million jobs across the Union. As a cornerstone of Europe's industrial competitiveness, the sector is now facing a decisive turning point. Rapid technological developments, coupled with intensifying international competition, are creating both significant challenges and opportunities.

As underlined in the Communication *'A Competitiveness Compass for the EU'* and in the *Industrial action plan for the European automotive sector*[1], maintaining global competitiveness requires urgent action. At the same time, the transport sector remains the only one whose GHG emissions continue to rise, underscoring the urgency of accelerating the green transition in mobility.

Urgent action is required to achieve climate neutrality by 2050 and to meet the 90% greenhouse gas (GHG) reduction target set in the European Climate Law. Priority must be given to road transport, where no binding post-2030 targets currently exist. A holistic and pragmatic policy framework, grounded in technology neutrality, is essential to ensure a green and sustainable transition for the industry.

In this sense, we think that the review of Regulation (EU) 2019/631[2] is a key opportunity to make this happen.

The current regulatory framework is not delivering the expected results, as illustrated by the measures adopted to avoid sanctions in 2025. Flexibility must be at the core of the approach, ensuring a just transition that supports economic growth and industrial resilience, while delivering on climate ambitions.

The Regulation shall not predetermine *de iure* which technologies are entitled to meet the 2035 target and beyond; instead, **it shall be based on a technology-neutral approach recognising and including all solutions with decarbonisation potential, including biofuels**. While electrification will remain central to the transition, other technologies are critical to achieving decarbonisation goals and strengthening EU industrial competitiveness.

Currently, Regulation (EU) 2019/631 accounts only for tailpipe emissions, thereby excluding the proven decarbonisation potential of biofuels. **This stands in contrast with other EU legislation**: under the Renewable Energy Directive (RED), biofuel use-phase emissions are counted as zero; the ETS and ETS2 apply zero-rating to sustainable fuels in line with the IPCC guidelines. This inconsistency weakens EU climate policy and hinders viable solutions for decarbonising road transport. Even the industry is negatively impacted by existing legislative incoherence, which generates instability, incompatible with much needed investment certainty. **It is therefore essential to ensure that renewable fuels, including biofuels, are granted consistent legal treatment across all EU legislation**.

From a technical perspective, a well-to-wheel approach demonstrates that **an internal combustion**

[1] Communication 'A Competitiveness Compass for the EU', Industrial action plan for the European automotive sector.

[2] CO_2 standards for light-duty vehicles (LDVs) Regulation

engine (ICE) vehicle running exclusively on renewable and sustainable fuels, such as biofuels, can achieve comparable – or even lower – emissions than a battery electric vehicle (BEV). This happens as GHG linked to electricity production and GHG savings from biofuels' feedstock production (thanks to photosynthesis) must be taken into account as well. Additionally, **biofuels' sustainability is ensured by robust sustainability safeguards and certification systems in place at EU level, ensuring that climate benefits are maximised and public trust is maintained**.

Enabling the use of RED-compliant sustainable fuels in road transport after 2035 would **support and complement their uptake in hard-to-abate sectors such as aviation and maritime** – where huge investments for sustainable fuels are urgently needed. Sustainable aviation fuels (SAFs), for example, cannot be produced alone in biorefineries or via the Fischer-Tropsch route as they are co-products of biofuel production. Considering that road transport is the main market share for biofuels, recognising biofuels' role after 2035 would facilitate SAF's business case and corresponding investments and deployment. Sustained demand from road transport could serve as a lead market, creating economies of scale, lowering production costs, and strengthening the EU's strategic autonomy in clean energy.

Other sectors other than aviation and maritime would also benefit, **as biorefineries also sustainably convert agricultural raw materials into a wide range of co-products across multiple EU industries** — including food and feed (proteins, glycerol), as well as chemicals and other products (bio-naphtha). Disincentivizing investments in biofuel production could then risk shifting back to fossil-based products, with higher emissions reversing gains in sustainability and security of supply – at the same time, it would seriously undermine EU strategic autonomy in protein production.

Finally, the social dimension of the transition must be central to policymaking – **no one must be left behind. Renewable fuels and biofuels provide affordable and immediately deployable solutions**, leveraging existing vehicle fleets and infrastructure, as it was demonstrated during the Tour d'Europe initiative. They preserve employment across refining, distribution, and feedstock production, while supporting rural economies. By easing the costs of fleet renewal and providing accessible green transport, **biofuels act not as an alternative to electrification but as a strategic complement**—an essential bridge towards climate neutrality that balances environmental ambition with economic and social cohesion.

For these reasons, EBB calls on the European Commission to:

1. **Implement a new category of vehicles operating exclusively on CO_2-neutral fuels (CNFs), as already envisaged by the European Commission in Regulation (EU) 2023/851**.

   The definition of CNFs should be guided by technology openness and encompass all sustainable fuels, including biofuels, that comply with the sustainability and minimum GHG savings criteria set out in the Renewable Energy Directive (RED). In parallel, the Regulation should recognise such CNFs as zero-emission in their use phase, in line with the treatment applied to electric vehicles (EVs). To ensure legislative coherence, such a definition should also be adopted in the review of Regulation (EU) 2019/1242 setting CO_2 emission performance standards for new heavy-duty vehicles

2. **At the same time, include a Carbon Correction Factor (CCF) reflecting the decarbonisation benefits of biofuels and other sustainable fuels compliant with the RED as well as the share of renewable energy sources at EU level aiming to reduce the reported tailpipe CO_2 emissions of newly produced vehicles.**

   Currently, the Regulation provides that vehicle CO_2 emissions are calculated exclusively on a tailpipe basis. Introducing a CCF would allow the GHG benefits of the share of CNFs available at EU level to be accounted for, without altering the existing CO_2 measurement methodology.

Such an approach would enable CNFs to make a measurable contribution to the achievement of the 2030 reduction targets and support OEM compliance with regulatory obligations.

The introduction of a CCF should be considered as a complementary measure to the implementation of a dedicated vehicle category operating exclusively on CNFs. Together, these instruments would better reflect the actual CO_2 emissions profile of fuels and constitute an important first step towards a more comprehensive and integrated climate policy for the European mobility sector.

We remain fully available should you have any questions on the points raised in this paper.

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