

PRESS RELEASE

EU Automotive Package Limits Renewable Fuels

Berlin, 17 December 2025: With its newly presented Automotive Package, the European Commission aims to align the competitiveness of the European automotive industry with the EU's climate goals. Despite numerous strategic dialogues and automotive summits, this goal has not been achieved. The full potential of all climate-friendly technologies must now urgently be unlocked.

Until now, the rule has been: 100% emission reduction at the tailpipe by 2035. This effectively amounts to a ban on new registrations of internal combustion engine vehicles. A new flexibility option of 10% will now be introduced for car manufacturers from 2035 onwards. 90% of emissions must still be avoided at the tailpipe. The remaining 10% can be compensated through the use of CO₂-reduced materials—such as green steel (up to 7%)—and through the use of renewable fuels (up to 3%). This differentiation represents a first step towards a life-cycle approach to CO₂ emissions.

Nevertheless, the impact of the package remains limited. The new compliance options only come into effect from 2035, and the 3% cap on renewable fuels provides no incentive for the market ramp-up of renewable fuels, instead artificially constraining it.

“The European Commission is once again fuelling the ‘either-or’ debate over propulsion technologies,” criticises Ralf Diemer, CEO of the eFuel Alliance. “Instead of sending an economic and climate policy signal, the current proposal ignores numerous opportunities. The use of renewable fuels must be enabled now—not in ten years. Europe needs an integrated approach that grants innovative technologies market access and provides long-term investment security.”

“The European Commission has a clear mandate,” Diemer continues. “For two years, it has been tasked with defining a separate vehicle category for combustion engine cars powered by renewable fuels. Now, a detailed new category has been created for small battery-electric vehicles. We explicitly expect the same level of commitment for renewable fuels.”

The eFuel Alliance calls for four key amendments to the legislative process:

1. **Broaden the definition of permitted renewable fuels:** All fuels that comply with the Renewable Energy Directive (RED) must be included. Restricting eligibility to eFuels and advanced biofuels limits investments and market diversity.
2. **Immediate crediting of renewable fuels:** The incentive mechanism for sustainable fuels must take effect without delay, activating existing production capacities and creating planning certainty for new projects.
3. **Remove the 3% cap:** A technology-neutral approach requires flexible quota regulations that reflect market development and innovation dynamics. A fixed cap inhibits investment and prolongs the transition.
4. **Create a new vehicle class for renewable powertrains:** In line with the new M1e category for small battery-electric vehicles, a dedicated category is needed for vehicles running entirely on renewable fuels—as previously announced by the Commission in the last revision of the CO₂ standards.

>>>The eFuel Alliance e.V.<<<

The eFuel Alliance is an interest group committed to promoting political and social acceptance of eFuels and to securing their regulatory approval. We represent more than 160 companies, associations and consumer organizations along the eFuel production value chain. We stand for fair competition and equal competitive condition for all relevant emission reduction solutions. We are firmly committed to further climate change mitigation and seek recognition for the significant part eFuels can play in sustainability and climate protection. Our aim is to create the conditions for the industrial production and widespread use of CO₂-neutral fuels from renewable sources of energy.

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