**Representatives of the fuel, transport and automotive industries from the CEE countries**

**Ms. Ursula von der Leyen**

President of the European Commission

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**Call for Action to the European Commission**

to

- **Establish a coherent EU transport and energy strategy, which enables Central & Eastern European (CEE) countries to boost their competitiveness and create equal decarbonization opportunities**
- **Embrace Green Deal objectives by implementing smarter decarbonization measures in the Clean Industrial Deal**
- **Ensure fuel security by increasing the capacity of pipeline, railway and port infrastructure**

The transport industry contributes around 5% of the EU's GDP and employs more than 10 million people in Europe. Road transport represents 80% of all freight transport in the European Union.[1] Europe's economy and its ability to decarbonize will therefore strongly depend on the commercial wellbeing and innovation front runner role of its transport industry, with companies from CEE playing a critical role for internal road transport (4 of the top 5 countries for international freight transport are based in CEE)[2], representing about 250,000 businesses.[3]

As part of the European Climate Law, the EU has committed to reducing its net greenhouse gas emissions by at least 55% by 2030. The Fit for 55 package should enable all sectors of the EU economy to achieve this goal, while achieving its climate targets in a fair and cost-effective way, and based on respecting competition.[4]

The commercial road transport sector and the fuel industry in CEE are concerned that the current policy framework endangers these key objectives; moreover, that it will lead to economic disruption, threatening fuel security and social conditions, and hampering decarbonization. The signatories jointly call for urgent action to drive the energy and digital transformation of the sector with a view to building a stronger and more competitive EU economy.

1) **Do not confuse objectives with tools: retain technology neutrality in pursuit of carbon neutrality goals.**
   *Banning Internal Combustion Engine (ICE) vehicles is not leading to the fulfillment of climate goals, while the focus must remain on trustworthy factual $CO_2$ reduction, based on the Well-to-Wheel (WtW) principle, which eliminates false tools that discredit ambitious EU targets and undermine the EU Single Market. Sustainable renewable fuels are urgently needed alongside electrification to reach net-zero emissions in transport.*
2) **Reduce significantly the administrative burden on companies and harmonize the implementation of EU policies in the sustainability context.**

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[1] Statista
[2] Poland, Lithuania, Romania, Czechia (Upply)
[3] ITF, Eurostat
[4] Delivering the European Green Deal - European Commission

*EU Member States follow different approaches when implementing EU directives (incl. REDIII, ETS2), which prevents companies from contributing efficiently and rapidly, and results in a high administrative burden and costs.*

3) **Stress test the effectiveness, interdependencies and feasibility of existing EU regulations and directives.**
*Different market players are impacted by, and have to adhere to, different policies, including $CO_2$ regulations (car, truck OEMs), REDIII (governments, energy providers), ETS2 (industry, consumers), CSRD (shippers, freight forwarders) and Count Emission EU (transport businesses), hindering service companies from providing holistic solutions.*

4) **Create a uniform greenhouse gases (GHG) accounting and trading market for the sustainable renewable energies used in the transport sector.**
*Some countries like Germany and the Netherlands have implemented a trading market for carbon credits or GHG quotas, while this is being considered by more countries, such as Spain and France. There is therefore inconsistent implementation in terms of timings and uncertainty in terms of the scope of application (e.g. REDIII foresees the implementation of a credit system for the charging of renewable electricity, but this is less clear for renewable fuels).*

5) **Establish common market development principles and create equal opportunities for CEE countries when it comes to the adoption of new vehicle technologies and energies.**
*The GDP in CEE is 78% lower than Western economies, resulting in transport operators having much weaker purchasing power. Subsidies for electric trucks are very scattered across the EU, for example, while small and medium sized enterprises (SMEs) from CEE are more economically constrained. Energy prices are too high and vary substantially from country to country, which cannibalizes the equality principle and the ability to create a true single market for a more sustainable transport eco-system.*

6) **Focus on the targeted allocation of levied taxes and road user charges.**
*Taxes and road user charges have increased substantially in recent years, but the additional income from road transport users has not been reinvested in the industry to support innovation, decarbonization and digitalization; instead, it was used to cross-finance other sectors such as rail. Such political practices stifle innovation and slow down necessary investments in sustainability.*

7) **Accelerate the implementation of the EU Action Plan for Grids and facilitate the development of the energy infrastructure for sustainable renewable fuels; support sustainable energy production and distribution through smart taxation policies.**
*The EU's net-zero emission strategy is misaligned with the actual development of green energy infrastructure, technical readiness, and investment capacity, while also providing unbalanced support for the development of infrastructure for electric vehicles versus sustainable renewable fuels (such as HVO, bio LNG, bio LPG or blends of e-fuels with biofuels), which can play a strong role in the medium to longer term alongside direct and indirect electrification (battery electric and hydrogen).*

8) **Invest in fuel security in case of armed conflicts and crisis situations.**
*The war in Ukraine has revealed Europe's energy supply vulnerability. We propose that states take greater responsibility for the security of fuel supply by changing the system of fuel storage and expanding storage capacities for both final petroleum products and low carbon liquid fuels. There is also a need to improve transshipment capacities of ports and railways lines. Moreover, there is an issue of availability of fuels, especially biofuels, in crisis situations and the unavailability of electricity should be included in the EU strategic roadmap. Also, the domestic production of sustainable biofuels, bio LPG and bioethanol from local EU-origin feedstock, play an important role both in the decarbonization of liquid fossils and in supporting proper volumes of fuels in case of any crisis situation causing interrupted supply chains.*

The signatories welcome the Clean Industrial Deal's focus on accelerating decarbonization and competitiveness simultaneously – by boosting innovation and reinforcing resilience. These goals are equally essential for the fuel and transport industry.

However, this sector is facing a range of specific challenges which the current policy framework does not adequately reflect. Indeed, as things stand, there is a risk of a 'double negative' where emissions are not reduced significantly but competitiveness is undermined.

The policy measures outlined in this document are designed to address this, offering a route to a stronger, greener and more competitive European fuel and transport industry.

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