

Driving a clean and competitive European automotive sector with an ambitious, flexible, and technology-neutral package

Position paper – 11 March 2026

AECC policy recommendations

AECC welcomes the European Commission's Automotive Package proposal as an important first step toward a competitive and sustainable European automotive value-chain. The recognition that multiple complementary technologies can support long-term decarbonisation alongside electromobility is a positive development.

The introduction of fuel and steel credits as flexibility is furthermore an initial move towards addressing vehicle life-cycle emissions. However, the proposal still falls short of technology-neutrality. The restrictions on timing (beyond 2035) and contribution (3-7% cap) hinder innovation in technologies complementary to electromobility.

AECC additionally regrets that the Automotive Omnibus proposes a further weakening of Euro 7 standards, which already fail to meet the level of ambition that our industry can deliver.

AECC urges policymakers to consider the following recommendations to strengthen the proposed framework so that all decarbonisation pathways, based on life-cycle emissions, are effectively incentivised. We stand ready to work with policymakers to ensure the final package delivers climate neutrality, clean air, and industrial competitiveness for the European automotive value-chain, while meeting the diverse needs of European consumers and businesses.

- 1. Remove the arbitrary caps on fuel and steel credits and allow these credits to apply immediately**
- 2. Extend the scope of the credits to other vehicle life-cycle emission topics**
- 3. Establish a ZEV category for vehicles running exclusively on e-fuels and biofuels**
- 4. Prevent any further weakening of Euro 7 standards**

Technology-Neutrality

The continued focus on electrification in the European Commission's proposal extends uncertainties around how far the EU will get on the GHG emissions reduction trajectory for road vehicles. The success of this route is still underpinned by important prerequisites like the rollout pace of new vehicles, consumer acceptance, charging infrastructure density, critical raw material access, and other factors.

The Commission's proposal to introduce just a limited flexibility beyond 2035 (a 3% fuel credit and 7% low-carbon steel credit cap) does not fully overcome these concerns nor address industry calls for technology-neutrality. Decarbonisation policy should focus on defining climate objectives while allowing flexibility in their implementation. Overly prescriptive approaches only serve to hinder innovation and undermine economic competitiveness. Complementary technologies to electromobility should be enabled to continue innovating and contributing to meeting climate objectives.

Embracing a truly technology-neutral approach allows us to foster innovation across all low- and zero-emission solutions. This would support the EU in retaining its position as a critical hub for innovation through investments in R&D in both mature and emerging technologies where we have a global competitive edge. It would also allow the automotive sector to provide clean mobility solutions that meet the diverse needs of European consumers, helping to ensure a just transition.

Life-Cycle Approach

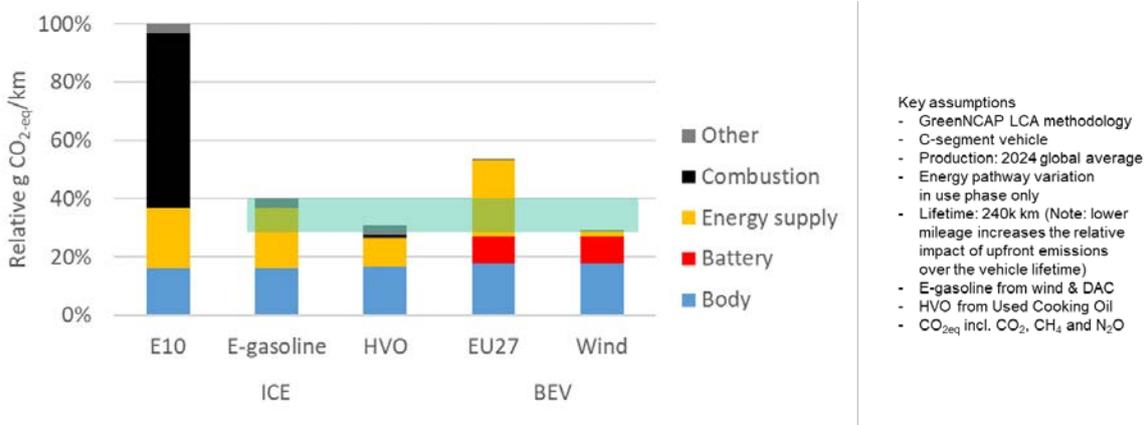
The Commission's proposal to introduce limited flexibilities through a 3% fuel and 7% steel credits beyond 2035 is an acknowledgement that alternative decarbonisation pathways are credible and an initial move toward addressing vehicle life-cycle Greenhouse Gas (GHG) emissions, the real issue to tackle.

However, the **restrictions on timing and contribution hinder innovation** and do not fully address technology-neutrality and required decarbonisation flexibility. Sustainable renewable fuels today already enable a significant CO₂ reduction; -77% was for example demonstrated on a Well-to-Wheel basis in the Tour d'Europe project¹. But the cap is blocking an increase in renewable fuel quantity, because eligible fuels on the market in 2023² already fill the cap that only applies as of 2035. The caps should therefore be removed, and the credits should apply immediately.

The scope of the credits could furthermore be extended to a full technology-neutral approach, based on a **general Life Cycle Assessment (LCA) credit** in line with the upcoming UNECE/EU methodology. This would allow all viable solutions to contribute across the value chain as best fits market needs.

AECC studies³⁻⁵ have already demonstrated that the Internal Combustion Engine (ICE) is not the problem. The real issue is the use of fossil fuels. All powertrains result in similarly low life-cycle GHG emissions when operated on sustainable renewable fuels, renewable electricity, or renewable hydrogen. It is therefore clear that complementary technologies including efficient ICEs, PHEVs, and REEVs are credible contributors to road transport decarbonisation.

The LCA data shown below shows that ICE and BEV have similar emissions for production of the vehicle body (blue). Emissions of battery production are additionally significant for electrified powertrains (red). Additional ICE emissions are mainly from fuel supply (yellow) and combustion (black). Combustion becomes net-zero in case of e-fuel or biofuel. Additional BEV emissions are from electricity supply (yellow).



In support of this, a **ZEV category for vehicles running exclusively on e-fuels and biofuels** should be established. The definition should be in line with that of the Working Group on Monitoring Methodologies (WGMM)⁶. Such ZEV category is needed to ensure regulatory consistency and a level playing field across the transport decarbonisation framework, including the Clean Corporate Vehicles proposal. Market fuels need to evolve towards net-zero solutions via stepwise blending of renewable components. Such a roadmap needs to be established in the upcoming review of the Renewable Energy Directive.

Euro 7

While seeking to simplify testing procedures, the European Commission's proposed Automotive Omnibus would further weaken Euro 7 vehicle emission standards, which already fail to meet the level of ambition our industry can deliver and that was in the original Euro 7 Commission proposal. If adopted as proposed, the Omnibus would undermine progress on air quality and negatively impact the health of European citizens in everyday life.

Ambitious vehicle emission standards are essential to **enabling flexibility and technology-neutrality** in CO₂ emission standards without compromising air quality and public health. Advanced emissions control systems can ensure real-world road transport pollutant reductions alongside decarbonisation. This will support a balanced regulatory framework that aligns flexibility with climate objectives and air quality.

As global leaders in advanced emission control technologies, European companies have already developed solutions in anticipation of a more ambitious Euro 7 than was ultimately adopted. The solutions exist and innovative European companies are ready to deliver. While AECC broadly supports simplification efforts, it is essential that the level of ambition for vehicle emission standards is not further reduced.

About AECC

The **Association for Emissions Control and Climate** (AECC) is the international, Brussels-based association of European companies operating worldwide in the research, development, testing and manufacture of key sustainable technologies for mobile and stationary applications. Our membership includes [Emitec Technologies](#), [Johnson Matthey](#), [NGK Europe](#), [Umicore](#), [Albonair](#), [BASF ECMS](#) and [W.L. GORE](#).

We have a strong and focused European footprint across our members – employing around 22 500 skilled people in Europe across 47 production sites and 20 research and development (R&D) technical sites. We are present in 11 European countries and we are proud to be an integral part of Europe's automotive ecosystem, advancing innovation in a vital industrial sector.

AECC members' emission control technologies are integrated into the exhaust systems of cars, commercial vehicles, buses, motorcycles, construction equipment and industrial installations in Europe. We work with OEMs and other industry stakeholders, providing innovative technological solutions to the pollution problem that we see today.

AECC supports the European Commission's long-term ambition for zero pollution and increased greenhouse gas emission reductions. Clean air and greenhouse gas reduction are priorities for all of us.

AECC is registered in the EU Transparency Register under n° 78711786419-61.

Should you need more information, you can contact AECC at info@aecc.eu.

References

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- ² European Environment Agency European Topic Centre Climate Change Mitigation, [Greenhouse gas intensities of transport fuels in the EU in 2023](#), 2025.
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- ⁶ Working Group on Monitoring Methodologies of CO₂-neutral fuels, [A Pathway to Climate Neutrality for Road transport](#), founded in 2024.