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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Transport, Telecommunications and Energy Council on 29 October 2026 The need for a long-term vision for the resilience and competitiveness of European refineries - Information from Bulgaria, Czech Republic, Hungary, Italy, Poland, Slovakia

Non-paper by Bulgaria, Czechia, Hungary, Italy, Poland, Slovakia on the need for a long-term vision for the resilience and competitiveness of European refineries

The crisis in the Middle East has underscored the importance of access to strategic resources, including refined liquid fuels. Liquid fuels remain essential for transport, agriculture, aviation, maritime activities, emergency services and defence. Electrification, energy efficiency and alternative fuels will progressively reduce fossil fuel consumption, but this transition will proceed at different speeds across sectors and Member States. Adequate production and distribution capabilities must therefore remain available as long as these needs persist.

Context

We welcome the European Commission's intention to develop a short-term framework to optimise the capacity and efficiency of EU refineries, as reflected in the European Council conclusions of 15–16 October 2026. While this is a necessary step, Europe also needs a comprehensive, long-term vision to strengthen the resilience and competitiveness of its fossil and renewable refining sector and ensure that adequate capacity remains accessible to Member States.

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The progressive electrification of our mobilities, along with energy efficiency and alternative fuels, is reducing our dependency on fossil fuels and may contribute to strengthening the security of fuel supply. At the same time, despite of its reduction, there is continued need for an oil supply, which requires maintaining adequate refining capacities in the EU.

Security of crude oil supply and security of refined product supply are distinct challenges. Crude oil cannot substitute for diesel or aviation fuel without suitable processing capacity. Moreover, the crisis in the Middle East has unveiled our dependence on imports of refining by-products, such as sulphur and helium. Dependence on imported refined products exposes Europe to disruptions affecting foreign refineries, export restrictions, maritime routes, freight availability and competition from other importing regions.

At the same time, European refineries face international competition, high energy costs, substantial investment needs and increasing cumulative regulatory obligations. They are additionally conducting the necessary investments to decarbonate they activities. Together with market developments and changes in demand, these pressures threaten the viability of installations.

Closures affect all types of refineries, creating, from the perspective of energy security, a strategic vulnerability in the system. Further closures would increase dependence on imported products, weaken supply chain resilience and reduce Europe’s ability to respond to crises. It would also undermine European capacity needed to invest in renewable and low-carbon fuels.

In view of these risks, we look forward to the results of the Commission’s work announced in the AccelerateEU Communication to map existing refining capacities in Europe, assess needs and work on measures to ensure both their full use and sufficient domestic refining capacity for resilient supplies across the entire spectrum of oil products. We believe this work will provide a solid foundation for a long-term strategy for the sector.

Towards a resilient and competitive refinery sector

Having underlined the significance of maintaining refining capacity in Europe, we call upon the Commission to develop a strategy that will support a resilient and competitive European refinery sector, strengthening energy security while advancing long-term sustainability goals. To this end, the strategy should address the following elements:

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- **Resilience and geographical distribution**: Refineries, emergency stocks and distribution infrastructure form an interconnected system - stockholding policy and distribution networks must therefore be assessed together with refining and distribution capabilities. The geographical location of capacity is equally important. Regional vulnerabilities, including those affecting Central and Eastern Europe and the EU's eastern flank, must be explicitly reflected in European preparedness planning.
- **Military and security**: Reliable fuel production, storage and delivery are indispensable for armed forces, military mobility, emergency services and the continuity of critical infrastructure. EU legislation must explicitly recognise these requirements. Dual-use infrastructure and fuels specifically supplied for military purposes and emergency response systems should be eligible for targeted exemptions from obligations to achieve climate targets under relevant Union regulations, where justified by specific circumstances. Europe must be prepared not only for the best-case scenario, but also for disruptions arising from geopolitical developments or adverse climatic conditions, as illustrated by this year's low water levels on European waterways.
- **Maintaining operational capacity**: Investments in reliability, the ability to process different crude grades, energy efficiency and the removal of production bottlenecks can improve resilience and increase the availability of critical products. The EU should facilitate the safe optimisation of existing capacity and appropriate coordination of planned maintenance to reduce the risk of simultaneous outages.
- **A predictable regulatory framework**: European refineries must be able to compete under conditions that do not encourage the relocation of production and emissions to third countries. Future initiatives affecting the sector must include a cumulative assessment of their impact on competitiveness, energy costs, carbon leakage, investment capacity, fuel affordability and security of supply. This assessment must consider the interaction between climate, energy, environmental and trade measures, while considering differing national circumstances.

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- **Carbon leakage**: The EU ETS framework must properly reflect the strategic importance of European refineries and their exposure to international competition. Carbon leakage protection and support for decarbonisation investment must operate as complementary instruments. Access to effective protection must not be undermined by excessive conditionalities and administrative burden that make the necessary transformation harder to finance.
- **Financing for the energy transition**: European refineries provide industrial infrastructure, technical expertise and integrated processes supporting renewable fuels, sustainable aviation fuels, hydrogen-related projects and other low-carbon technologies. Ensuring access to investment financing is vital to support the development of the above-mentioned technologies, as well as the decarbonisation and progressive conversion of refineries where technically and economically appropriate.
- **Sustainable European feedstocks and regional value chains**: The EU framework must safeguard access to sustainably produced European feedstocks for biofuel production and establish proportionate, workable rules for their cultivation, certification and use. This should include intermediate crops grown on severely degraded land, with specific incentives to be provided for feedstocks of EU origin.

Way forward

Europe must retain sufficient, competitive and geographically diversified refining capacity to meet its continuing needs for liquid fuels throughout the transition, including during major supply disruptions. The pace of reductions in conventional capacity must reflect actual changes in demand, the availability of alternatives and the resilience of regional supply chains.

A coherent European framework must support investment, address unequal conditions of international competition and ensure that regulatory measures do not undermine the viability of strategically important installations.

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