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From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Competitiveness Council of 26 February 2026 : Safeguarding our industrial competitiveness through a pragmatic and technology-neutral hydrogen approach under RED III *- Information from Belgium, the Czech Republic, Hungary, Poland and Slovakia*

Non-paper Presented by Belgium, supported by the Czech Republic, Hungary, Poland and Slovakia, on safeguarding our industrial competitiveness through a pragmatic and technology-neutral hydrogen approach under REDIII

This non-paper outlines our concern regarding the implementation of the Renewable Fuels of Non-Biological Origin (RFNBO) targets for industry under the Renewable Energy Directive III (REDIII). We propose a pragmatic and climate-effective approach to support the decarbonization of Europe's energy-intensive industries while safeguarding industrial competitiveness.

This concern is not isolated: it mirrors structural and geographic realities across the European Union. Our joint climate ambitions require deep decarbonization of industrial processes, especially in sectors such as steel, chemicals, refining, and basic materials while at the same time Europe's competitiveness is at stake.

Context

In order to achieve climate neutrality by 2050, REDIII requires Member States to reach 42% renewable hydrogen (RFNBO) use in industry by 2030 and 60% by 2035. These targets underscore the central role that green hydrogen is expected to play in the Union's decarbonisation pathway.

While the efforts of early movers in renewable hydrogen are laudable, these targets present disproportionate challenges for countries where renewable resources (solar and wind) are structurally limited, and local production of green hydrogen is currently uncompetitive. In addition, import of renewable hydrogen, though promising, is not yet economically viable at industrial scale.

Conversely, for example blue hydrogen can be developed domestically in a more cost-effective and technologically mature way, while at the same time significantly reducing emissions. Modern installations can achieve near-zero carbon footprints comparable to imported green hydrogen and green-hydrogen-derived energy carriers, especially when lifecycle emissions and transport are considered. This approach can deliver early emissions reductions and supports the build-up of hydrogen markets, while offering credible business cases, and remaining fully consistent with the Union's long-term climate objectives.

Towards a pragmatic and climate-effective approach of hydrogen under REDIII

Without adjustments to the current framework, key industrial decarbonization projects that are close to a final investment decision risk delay or cancellation, undermining both climate objectives and industrial resilience. In Belgium, SMR / ATR + CCUS (steam methane reforming / autothermal reforming combined with carbon capture and utilization / storage) projects for the production of blue hydrogen or DRI (direct reduction of iron) projects to replace blast furnaces in the steel sector, could see significant delays or cancellation because of the current interpretation of the RFNBO target under REDIII.

We therefore make the following policy recommendations to the European Commission:

- While respecting the efforts of early movers in green hydrogen, adjust the RFNBO target methodology by reviewing the status of low carbon hydrogen under REDIII, so that we can use more than just green hydrogen to make our industry more sustainable, and so that we make low carbon hydrogen count in the industrial targets in REDIII. Every step that yields ecological gains is a good step. The production and the use of low carbon hydrogen will simultaneously accelerate the development of hydrogen infrastructure and markets.
- Promote a technology-neutral approach enabling greenhouse gas emissions savings, taking into account lifecycle performance.
- Issue more flexible guidelines for the implementation of REDIII in this regard.
- Ensure coherence through the EU legislation on low carbon hydrogen, particularly with regard to the gas package and RED.
- Assess the renewable hydrogen business case, improve the functioning of the European Hydrogen Bank, deploy targeted incentives and financial instruments to de-risk investments, and support reliable import corridors through strategic international partnerships; and ensure a clear renewable hydrogen objective is maintained beyond 2035 to provide long-term investor visibility and sustain the development of the European hydrogen value chain.

Conclusion

By allowing low carbon hydrogen to play its role, the EU can accelerate emission reductions while protecting strategic industrial capacity across the continent. We stand ready to support a balanced and effective European hydrogen approach, and to contribute constructively to the ongoing development of a resilient, decarbonized industrial future.