

# Orgalim position on a proposal for revising the Energy Taxation Directive

## Introduction

Europe's technology industries, represented by Orgalim, support the proposal for a new Energy Taxation Directive ([COM \(2021\) 563](#)) (henceforth the Directive), adopted by the European Commission on 14 July 2021.

We support the revision of the Directive and see it as an opportunity to align the taxation of energy products and electricity with European Union energy and climate policies and eliminate the exemptions that de facto favour fossil fuels, while contributing to the fragmentation of the EU's Single Market. The planned revision should take into account the changed energy mix with a higher share of renewables – green energy must become the cheapest energy carrier by default.

## Orgalim position on the key issues

### ➤ Energy content-based taxation and ranking of rates (Articles 1 & 5)

We support the new structure for minimum tax rates which is based on the energy content (expressed in euros per gigajoules) rather than volume as is currently mostly the case. We also applaud the introduction of a ranking of rates based on the environmental performance of fuels and electricity. It is essential that green, renewable energy is not taxed at all. This will provide clearer price signals to businesses and customers, incentivising them to switch to cleaner, more energy-efficient and climate-friendly alternatives.

### ➤ Aviation and waterborne navigation (Articles 14 & 15)

We welcome the introduction of minimum tax rates for kerosene used as fuel in the aviation industry and heavy oil used in the maritime industry. So far, these fuels have been fully exempted from energy taxation for intra-EU voyages. This change will contribute to a fairer distribution of the environmental costs in the transport sector and encourage a switch to more sustainable fuels. To foster the uptake of renewable fuels such as renewable fuels of non-biological origins (RFNBOs), we support the proposed minimum tax rate of zero for them. In addition, we welcome the possibility to exempt from taxation the shore-side electricity provided to vessels while at berth in ports.

## ➤ Tax exemptions for renewable energy sources (Article 16)

We particularly support the removal of existing tax exemptions for various fossil fuels. Furthermore, to incentivise a switch to renewable energy sources, the Directive should foresee their full exemption from a minimum tax rate.

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,076 billion, manufacturing one-third of all European exports and providing 11.33 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.

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