

Revision of Energy Taxation Directive

Europe's technology industries, represented by Orgalim, welcome the upcoming revision of the Energy Taxation Directive 2003/96/EC (henceforth the Directive). To align the taxation of energy products and electricity with EU energy and climate policies we recommend addressing the following issues:

- The revision should **reduce the possibility of favouring fossil fuels** via tax reductions, exemptions, and rebates. Currently the Directive de facto favours fossil fuels consumption.
- The minimum tax rate of an energy product should be based on the amount of **greenhouse gases emitted**.
- **Incentives for alternative energy sources**, such as clean hydrogen and sustainable biofuels, should be introduced. To reach the levels of renewable energy needed for the transition, taxation of renewable energy (e.g. electricity) needs to be reduced.
- The Directive **should not tax GHG emissions if these are already covered by the carbon price of the EU ETS**.
- A **universal carbon price on energy carriers**, taking into account the entire process in the case of synthetic carbon neutral fuels, should be established. There should be **no artificial overall increase in price, but a reallocation** according to the climate-damaging effect of the energy source. An **economically revenue neutral price** should be set instead of an additional burden for all, which creates a market-based incentive for low carbon and carbon neutral energy carriers.

The 17 year-old Directive should be updated to support the transition towards climate neutrality, in order to better address environmental concerns such as air pollution and take into account the changed energy mix with a higher share of renewables and electricity.

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 €2.126 billion, manufacturing one-third of all European exports and providing 11.326 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.