

Taxation of energy products and electricity

1997/0111(CNS) - 30/03/1999

By 28 votes to 18, the committee has adopted an amended report by Mr Pat Cox (ELDR, Irl) on a Commission proposal concerning the taxation of energy, to which it has tabled numerous non-binding amendments. The proposal had been referred back to committee following the rejection of the initial report by the House at its plenary part-session in February. The committee seeks to establish the principle that the long-term objective is a European energy tax, based on the consumption of natural resources and designed to create the conditions for a reduction in carbon dioxide (CO₂) emissions; to this end, it has once again presented most of the amendments that were tabled at the first reading. These reflect its support for the aim of the European Commission to use revenue from this tax to achieve a corresponding reduction in non-wage labour costs. The main amendments tabled again by the committee relate to an increase in the rate proposed for the taxation of petrol from EUR 417 to EUR 450 per 1 000 litres with effect from 1 January 2000, with automatic index-linking designed to ensure that subsequent increases are two percentage points higher than the rate of inflation; provision is made for a review after five years. Also back on the table are amendments relating to the procedures for authorising the Member States to grant temporary derogations to major energy consumers such as the steel industry, provided that these consumers can demonstrate that the tax burden is seriously impairing their competitiveness. The committee, however, has added a provision authorising the Commission to grant exemptions en bloc to particular industries if their competitiveness is liable to be severely handicapped, but it must be recognised that there are varying degrees of national sensitivity to the question of the extent to which the Commission should intervene in matters of fiscal policy. The committee has also added public transport services to the list of operators that are eligible to be granted an exemption. If this proposal is to enter into force, it must be adopted unanimously by the Member States.