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Proposals from Non Governmental Organisations on amending the

**Commission proposal for a Council Directive amending Directive 92/81/EEC and Directive 92/82/EEC to introduce special tax arrangements for diesel fuel used for commercial purposes and align the excise duties on petrol and diesel fuel
COM(2002) 410 final**

(Amendment 1)
New Recital

The Commission's White Paper *European Transport Policy for 2010: time to decide*¹ stresses the need to, in the medium term, tax similarly petrol and diesel for all fuel users.

Justification

There is no economical, fiscal, social or environmental justification for the huge tax breaks diesel fuel currently enjoys. It is important to recall that the Commission aims in the medium term to remedy to the source of inefficiency constituted by these tax breaks². Tax differentiation between petrol and diesel must be removed in the medium term.

¹ COM (2001) 370

² Stated by the Commission's White Paper 'European Transport Policy for 2010: time to decide': "In the medium term, it would be desirable for petrol and diesel to be taxed similarly for all consumers of fuel."

(Amendment 2)

Recital 8

The commercial vehicle sector breaks down into three subsectors, namely those for light-duty vehicles of less than 7 t, medium-duty vehicles of between 7 and 16 t and heavy-duty vehicles of over 16 t. In general, vehicles of over 16 t are used to carry bulky or high-volume goods over long distances or heavy goods over short distances. Vehicles over 16 t mainly operate in international transport markets. Vehicles of less than 16 t are used for final deliveries, for instance from a central distribution facility to retailers over short and medium distances. There is no real possibility of substituting any of those categories of vehicle for another either on the supply or on the demand side of the three markets.

(delete 121 words –whole recital)

Justification

If diesel tax differentiation is necessary in the short term, the harmonised rate on commercial diesel should apply to all commercial vehicles, not just those over 16 tonnes. The choice of the 16 tonnes threshold seems arbitrary and may result in fleet changes (i.e. transport companies buying lorries according to the rates applicable under or above 16 tonnes). Diesel tax differentiation between commercial and non-commercial vehicles should only be a temporary measure and should only be a temporary measure and should be phased out in the medium term in line with the Commission's own stated objective³.

(Amendment 3)

Recital 11

Member States introducing road infrastructure charging in conformity with Community legislation should be authorised, under fiscal control, to apply different rates of excise duty to fuels. Such measures should not be discriminatory and should not exceed the amount of additional costs internalised, and the applicable Community minimum rate should be respected.

Member States which are obliged to reduce diesel taxes on commercial vehicles according to this proposal, should introduce a infrastructure charging system. The European Commission must provide the legal framework for such a charging system applying the user pays principle and internalising external costs of transport. For policy consistency, this diesel tax proposal may be reviewed in light of the expected transport infrastructure charging directive.

³ see amendment n°1

Justification

It is essential that those Member States that under this directive will have to decrease their excise duties on diesel fuel to the Community level make up for losses of environmental cost internalisation and of revenue by correspondingly increasing road charges. For the coherence of Community policies and objectives, links between this directive and the expected transport infrastructure charging proposal, must be clear. Hence this directive may be amended according to the effects of the future road charging directive.

(Amendment 4) New Recital

The emissions of greenhouse gases from the EU transport sector increased by 19% between 1990 and 1999; the EEA estimates that they will go up by a further 28% until 2010, jeopardising the fulfilment of the overall EU Kyoto target in spite of improvements in other economic sectors.

Justification

The environmental dimension of this taxation proposal must be emphasised further. Transport contributes 21% of total EU greenhouse gases emissions and is the fastest growing emitter. Hence the importance of a greater internalisation of environmental costs through a greater use of economic instruments and price signals in order to stop the growth of transport.

(Amendment 5) Recital 14

Generally speaking, the environmental costs of petrol have been internalised more thoroughly than those of diesel fuel, mainly because taxes on diesel fuel are lower than those on petrol. A better balance between petrol and diesel fuel needs to be achieved. ***(delete 19 words) Taxes on diesel fuel are lower than those on petrol. A better balance between petrol and diesel fuel needs to be achieved as well as more thorough internalising of the environmental costs of transport in fuel prices.***

Justification

Most governments have so far taxed motor fuels for largely fiscal reasons rather than environmental. Governments tend to tax less heavily diesel fuel as a sort of “fiscal present” to diesel car drivers. Environmental external costs must be more thoroughly internalised for all fuel users through a clearly environmental tax policy.

(Amendment 6)
Recital 15

The tax arrangements for fuels used for commercial purposes need to be uncoupled from those for fuel used for private purposes, and the most efficient level at which to do so is the Community level.

The tax arrangements for fuels used for commercial purposes need to be *temporarily* uncoupled from those for fuel used for private purposes, and the most efficient level at which to do so is the Community level.

Justification

Diesel tax differentiation between commercial and non-commercial vehicles may be necessary in the short term in order to align tax rates of non-commercial diesel to those of petrol. But it should be phased out in the medium term, in line with the Commission's own stated objective⁴.

(Amendment 7)
Article 1, subparagraph 2
(Point IIa, Article 8 c (a) in Directive 92/81/EC)

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road **and with a maximum permissible gross laden weight of not less than 16 tonnes**;

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road **(14 words deleted)**;

Justification

If diesel tax differentiation is necessary in the short term, the harmonised rate on commercial diesel should apply to all commercial vehicles, not just those over 16 tonnes. The choice of the 16 tonnes threshold seems arbitrary and may result in fleet changes (i.e. transport companies buying lorries according to the rates applicable under or above 16 tonnes).

(Amendment 8)
Article 1, subparagraph 4
(Point II a, Article 8 e in Directive 92/81/EEC)

From 1 January 2003 to 31 December 2009, Member States may apply, under fiscal control, different rates of excise duty to fuels used by certain vehicles provided road infrastructure charging is introduced, in order to recoup transport costs such as infrastructure, congestion or environmental costs.

From 1 January 2003 to 31 December 2009, Member States may apply, under fiscal control, different rates of excise duty to fuels used by certain vehicles provided road infrastructure charging is introduced, in order to recoup transport costs such as infrastructure, congestion or environmental costs.

⁴ see amendment 1

The difference between the rates applied may not exceed the amount of additional costs internalised. The Community minimum rate shall be respected.

The vehicles referred to in the first paragraph are vehicles of less than 16 tonnes of category N2 or N3 as defined in Directive 70/156/EEC.”

The difference between the rates applied may not exceed the amount of additional costs internalised. The Community minimum rate shall be respected.”

(Delete)

Justification

If diesel tax differentiation is necessary in the short term, the harmonised rate on commercial diesel should apply to all commercial vehicles, not just those over 16 tonnes. The choice of the 16 tonnes threshold seems arbitrary and may result in fleet changes (i.e. transport companies buying lorries according to the rates applicable under or above 16 tonnes).

(Amendment 9)

Article 2 (3)

(Article 5a (1) in Directive 92/82/EEC)

From 1 January 2003, the central rate defined in Article 8d of Directive 92/81/EEC shall be EUR **350** per 1 000 litres of commercial gas oil. From that date the fluctuation band on either side of the Community central rate shall be EUR 350, plus or minus EUR 100.

Notwithstanding paragraph 4, the rate of excise duty applied by each Member State to commercial gas oil shall be within the fluctuation band on either side of the central Community rate.

The minimum rate of excise duty on commercial gas oil for a given year shall be equal to the central rate for the year in question reduced by the value of the maximum deviation of the corresponding fluctuation band.

From 1 January 2003, the central rate defined in Article 8d of Directive 92/81/EEC shall be EUR **390** per 1 000 litres of commercial gas oil. From that date the fluctuation band on either side of the Community central rate shall be EUR **390**, plus or minus EUR 100.

Notwithstanding paragraph 4, the rate of excise duty applied by each Member State to commercial gas oil shall be within the fluctuation band on either side of the central Community rate.

The minimum rate of excise duty on commercial gas oil for a given year shall be equal to the central rate for the year in question reduced by the value of the maximum deviation of the corresponding fluctuation band.

Justification

The objective should be to have higher rates for diesel and petrol vehicles in order to better internalise environmental costs and limit the growth of road transport. Higher rates are also essential to push for more innovation into cleaner engines and vehicles. According to the original 1997 energy taxation directive the proposal should have a rate of at least 450 euros as a target for 2010.⁵ The European Parliament also proposed the same rate in the Cox Report on Taxation of Energy Products (COM(97)0030 - C4-0155/97 - 97/0111(CNS), April 13, 1999). This means that the 2003 starting rate should be set at EUR 390 per 1000 litres at the lowest.

⁵ The 1997 proposal proposed a rate of 393 Euros for 2002. If that rate had been adopted and price indexed, we would have a rate of about €460 in 2010 (calculations based on the objective of the European Central Bank of a maximum inflation rate of 2 %).

(Amendment 10)
Article 2 (3)
(Article 5a (5) in Directive 92/82/EEC)

5. From 1 January 2003, the minimum rate of excise duty on gas oil used as a propellant, other than commercial gas oil within the meaning of Article 8c of Directive 92/81/EEC (hereinafter “non-commercial gas oil”), shall be EUR 302 per 1 000 litres.

From 1 January 2006, the minimum rate of excise duty on non-commercial gas oil shall be EUR 360 per 1 000 litres.

The minimum rate of excise duty on non-commercial gas oil shall be aligned with that of commercial gas oil where the minimum rate of excise duty on commercial gas oil exceeds EUR 360 per 1 000 litres.

5. From 1 January 2003, the minimum rate of excise duty on gas oil used as a propellant, other than commercial gas oil within the meaning of Article 8c of Directive 92/81/EEC (hereinafter “non-commercial gas oil”), shall be EUR 302 per 1 000 litres.

From 1 January 2006, the minimum rate of excise duty on non-commercial gas oil shall be EUR 360 per 1 000 litres.

From 1 January 2010, the minimum rate of excise duty on non-commercial gas oil shall be EUR 450 per 1 000 litres and price-indexed.

The minimum rate of excise duty on non-commercial gas oil shall be aligned with that of commercial gas oil where the minimum rate of excise duty on commercial gas oil exceeds EUR 360 per 1 000 litres.

Justification

The objective should be to have higher rates for diesel and petrol vehicles in order to better internalise environmental costs and limit the growth of road transport. Higher rates are also essential to push for more innovation into cleaner engines and vehicles. According to the original 1997 energy taxation directive the proposal should have a rate of at least 450 euros as a target for 2010. The European Parliament also proposed the same rate in the Cox Report on Taxation of Energy Products (COM(97)0030 - C4-0155/97 - 97/0111(CNS), April 13, 1999).

(Amendment 11)
Article 2 (3)
(Article 5a (7) in Directive 92/82/EEC)

Member States **shall** make every effort to ensure that in the long term they apply similar levels of tax to **non-commercial** gas oil and unleaded petrol, taking account of the environmental performances of the fuels and the engines in which they are used.

Member States **must** make every effort to ensure that in the long term they apply similar levels of tax to **(delete two words)** gas oil and unleaded petrol, taking account of the environmental performances of the fuels and the engines in which they are used. **The Commission may publish a new proposal for aligning the rates on diesel to those on petrol at national level too. The Commission may also present a new proposal to phasing out in the medium term the tax differentiation between commercial and non-commercial diesel.**

Justification

In the short to medium term it should become mandatory for Member States to align their diesel and petrol rates on the national level. However, this proposal concerns only the EU minimum rates, coupled with recommendations to governments to align the rates at national level too. Although aligning EU minimum rates would be a good signal, we know that most Member States in practice apply higher rates than the minimum, and differentiate between diesel and petrol. There must be stronger wording in the recommendations to also act at national level, and it must be left open the possibility of a separate directive for aligning the rates at national level too.

Diesel tax differentiation between commercial and non-commercial vehicles may be necessary in the short term in order to align tax rates of non-commercial diesel to those of petrol. But it should be phased out in the medium term, in line with the Commission's own stated objective.

(Amendment 12)
Article 3a (new)

In light of the implementation of this directive and of related legislative instruments such as road charging or energy taxation directives, the Commission should submit a proposal for the introduction of an EU-wide CO₂ tax.

Justification

The proposal should contain a recommendation and possibility for the introduction of an EU-wide CO₂ tax. Although petrol is better than diesel in terms of harmful particulates emissions, it produces more CO₂ per kilometre driven. Moreover, the upward harmonisation brought about by this directive and related proposals will facilitate the introduction of such taxes.