

## Joint letter on the Revision of the Energy Taxation Directive

The signatories of this letter point out the long overdue recast of the Energy Taxation Directive (ETD). Since the proposal was made in 2021, the **ETD has not been finalized with no prospects of near-term agreement.**

The signatories of this letter want to stress that favorable tax levels for sustainable energy carriers are key to reach the objective of the European Green Deal, as well as to boost the development of new energy markets and technologies which have evolved significantly since the Directive was adopted back in 2003 while preserving and fostering existing investments.

To achieve the European Union's ambitious climate targets, it is essential to accelerate the progressive substitution of fossil fuels with the production of sustainable alternatives such as **Renewable and Low-Carbon Fuels**, including all RED-compliant sustainable gaseous and liquid fuels<sup>1</sup>, by putting in place favourable tax incentives. Taxes account for a significant share of the final price consumers have to pay for energy, and they have a decisive impact on consumer behaviour, including the choice of energy consumed and, therefore, on the investment decisions of fuel suppliers.

We welcome the work that has been done so far by Council Presidencies to complete the revision. The Compromise Proposal formulated in July of the Hungarian Council Presidency focuses on less controversial aspects of the ETD while leaving the discussion on controversial sectors like the taxation of fuels for the maritime and aviation sector for a later point.

The signatories of this letter would like to take up this idea and develop it further:

- The ETD should be split to finalize parts of the negotiation and **focus on updating the existing ETD** without including more sectors. This would finally allow differentiation of tax rates between climate-friendly and fossil energy sources.
- Aviation and shipping chapters as sectors in global competition should be assessed separately in a Commission report evaluating also alternative models such as an Air Ticket Tax whose revenues are reinvested into SAF uptake. The report should take into account price developments and impact on competitiveness due to the inclusion of the two sectors in the European Emission Trading Scheme and other Fit for 55-legislation.

We look forward to a fruitful political and pragmatic discussion that should lead to the final recast of the Directive. In addition, we call on the European Parliament to conclude its position as soon as the new Committees start their work to ensure legal certainty in the legislative process.<sup>2</sup>

**September 2024**

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<sup>1</sup> Abiding by the sustainability criteria included in the EU Renewable Energy Directive.

<sup>2</sup> See Consultation Procedure: <https://eur-lex.europa.eu/EN/legal-content/glossary/consultation-procedure.html>

**Signatories:**

