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A3-0138/91



R E P O R T

of the Committee on Economic and Monetary Affairs and Industrial Policy on the amended proposal for a Council directive on the approximation of the rates of excise duty on mineral oils

(COM(87) 0327 final - C3-0030/89)

(COM(89) 0526 final - C3-0026/90)

and

on the Commission proposal for a Council directive fixing certain rates and target rates of excise duty on mineral oils

(COM(91) 0043 final - C3-0179/91)

Rapporteur: Mr COLOM I NAVAL

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PE 140.032/fin.

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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By letter of 24 January 1990 the President of the Council of the European Communities consulted the European Parliament, pursuant to Article 99 of the EEC Treaty, on the Commission proposal (COM(89) 0526 final) amending its proposal for a Council directive on the approximation of the rates of excise duty on mineral oils (COM(87) 0327 final).

On 12 February 1990 the President of Parliament referred this proposal to the Committee on Economic and Monetary Affairs and Industrial Policy as the committee responsible, and to the Committee on Transport and Tourism and the Committee on the Environment, Public Health and Consumer Protection for their opinion.

At its meeting of 20 September 1989 the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr COLOM I NAVAL rapporteur.

By letter of 26 March 1991 the Council consulted Parliament, pursuant to Article 99 of the EEC Treaty, on the Commission proposal for a Council directive fixing certain rates and target rates of excise duty on mineral oils (COM(91) 0043).

At the sitting of 15 April 1991 the President of Parliament announced that he had referred this proposal to the Committee on Economic and Monetary Affairs and Industrial Policy as the committee responsible and to the Committee on Transport and Tourism and the Committee on the Environment, Public Health and Consumer Protection for their opinion.

At its meeting of 24 and 25 April 1991 the committee decided to merge these two proposals into a single proposal for a directive.

It considered the Commission proposals and the draft report at its meetings of 30-31 January, 1 February, 19-21 March, 26-27 April, 30-31 May and 1 June 1990 and on 25-27 September 1990 and 5-7 February, 18-20 March, 24-25 April and 14 May 1991.

At the last meeting it adopted the amended Commission proposal and the two draft legislative resolutions by 14 votes to 1 and 1 abstention.

The following took part in the vote: Beumer, chairman, Colom I Naval, rapporteur, Peter Beazley, Bofill Abeilhe, Cassidy, Christiansen, Cox, Dührkop Dührkop (for Rogalla), Ernst de la Graete, Herman, Lulling, Metten, Patterson, Randzio-Plath (for Hoff), Siso Cruellas and Wettig.

The opinions of the Committee on the Environment, Public Health and Consumer Protection and the Committee on Transport and Tourism are attached.

The report was tabled on 14 May 1991.

The deadline for tabling amendments will be announced in plenary sitting.

The Committee on Economic and Monetary Affairs and Industrial Policy hereby submits to the European Parliament the following amendments to the Commission's amended proposal together with the draft legislative resolution and the explanatory statement.

Amended proposal for a Council Directive on the approximation of the rates of excise duty on mineral oils.

Commission text (1)

Amendments

(Amendment No. 1)
Recital 4

Whereas, so as not to prejudice the guidelines which the Commission will propose in those areas, the setting of the levels of the target rates will be the subject of a Commission proposal between now and 31 December 1990;

Delete

(Amendment No. 2)
Recital 8

Whereas this Directive lays down minimum rates, target rates and rate bands; whereas these should be adjusted in line with price movements and whereas such decisions should be taken by the Council under a less burdensome procedure;

Whereas this Directive lays down minimum rates, target rates and rate bands; whereas these should be adjusted in line with the price movements as well as the energy policy with its economic and ecological components; whereas such decisions should be taken by the Council under a less burdensome procedure;

(Amendment No. 3)
Article 1(1)

Member States shall apply target rates of excise duty on mineral oils in accordance with this Directive. The levels of those rates shall be the subject of a Commission proposal for a Directive between now and 31 December 1990.

1. Member States shall apply target rates of excise duty on mineral oils in accordance with this Directive. (22 words deleted)

(1) COM(89) 0526 final - OJ No. C 16, 23.1.1990, p. 18

(Amendment No. 4)

Article 1(2)

Article 1a

Not later than 1 January 1993, Member States shall apply rates which, in accordance with this Directive, will not be less than the minimum rates or, where appropriate, will fall within the prescribed bands.

2. Not later than 1 January 1993, Member States shall apply rates which, in accordance with this Directive, will not be less than the minimum rates or, where appropriate, will fall within the prescribed bands.

(Amendment No. 5)

Article 3(1)

Every two years, and for the first time not later than 31 December 1994, the Council, acting on the basis of a report and, where appropriate, a proposal from the Commission, shall examine the target rates of duty, the minimum rates and the rate bands laid down herein and shall, acting unanimously, take such measures as are necessary.

Every two years, and for the first time not later than 31 December 1994, the Council, acting on the basis of a report and, where appropriate, a proposal from the Commission, after consultation of the European Parliament, shall examine the target rates of duty, the minimum rates and the rate bands laid down herein and shall (two words deleted) take such measures as are necessary.

(Amendment No. 6)

Article 3(2)

In any event, every two years, and for the first time not later than 31 December 1994, the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, shall take such measures as are necessary to maintain the real value of the target rates of duty, the minimum rate and the rate bands laid down herein.

In any event, every two years, and for the first time not later than 31 December 1994, the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, shall take such measures as are necessary to maintain the real value of the target rates of duty, the minimum rate and the rate bands laid down herein. In order to ensure a convergence of minimum rates on the one hand and target rates on the other, the minimum rates shall be increased in real terms to progressively approach the target rates.

(Amendment No. 7)

Article 4

As from 1 January 1993, the minimum rate of excise duty on leaded petrol shall be fixed at 337 ECU per 1000 litres.

1. As from 1 January 1993, the minimum rate of excise duty on unleaded petrol shall be fixed at 287 ECU per 1000 litres.

2. As from 1 January 1993, the target rate of excise duty on unleaded petrol, towards which Member States shall make their rates converge, shall be 445 ECU per 1000 litres.

(Amendment No. 8)

Article 4a

As from 1 January 1993, the minimum rate of excise duty on unleaded petrol shall be 50 ECU lower than the rate applicable to leaded petrol.

As from 1 January 1993, the (minimum) rate and target rate of excise duty on leaded petrol shall be 50 ECU higher than the rate applicable to unleaded petrol as defined in Article 4.

(Amendment No. 9)

Article 5

As from 1 January 1993, the rate of excise duty on diesel shall be not less than 195 ECU or more than 205 ECU per 1000 litres.

As from 1 January 1993, the rate of excise duty on diesel shall be not less than 245 ECU or more than 270 ECU per 1000 litres.

(Amendment No. 10)

Article 9

1. As from 1 January 1993, the minimum rate of excise duty on kerosene when used as a propellant shall be 337 ECU per 1000 litres.

1. unchanged

2. As from 1 January 1995, the target rate of excise duty on kerosene intended for use as a propellant shall be 495 ECU per 1000 litres.

2. As from 1 January 1993, the rate of excise duty on kerosene when used for other purposes shall not be less than 47 ECU or more than 53 ECU per 1000 litres.

3. unchanged

(Amendment No. 11)
Article 9a (new)

The target rates set out in this Directive shall be implemented no later than 1 January 2000, or five years after the entry into force of any changes to the target rates.

(Amendment No. 12)
Article 11

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than 31 December 1992.

They shall forthwith inform the Commission on any provisions of national law which they adopt in the field governed by this Directive.

The provisions adopted pursuant to the first paragraph shall make express reference to this Directive.

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than 31 December 1992.

Where Member States adopt these provisions, these shall contain a reference to this Directive or shall be accompanied by such reference at the time of their official publication. The procedure for such reference shall be adopted by Member States¹.

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament on the amended Commission proposal for a Council directive on the approximation of the rates of excise duty on mineral oils

The European Parliament,

- having regard to the revised proposal from the Commission to the Council (COM(89) 0526 final)¹,
 - having been consulted by the Council pursuant to Article 99 of the EEC Treaty (C3-0026/90),
 - having regard to the Commission proposal for a Council directive fixing certain rates and target rates of excise duty on mineral oils (COM(91) 0043 final)²,
 - having regard to the report of the Committee on Economic and Monetary Affairs and Industrial Policy and the opinions of the Committee on Transport and Tourism and the Committee on the Environment, Public Health and Consumer Protection (A3-0138/91),
1. Approves the Commission's proposal subject to Parliament's amendments and in accordance with the vote thereon;
 2. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 3. Asks to be consulted again should the Council intend to make substantial modifications to the Commission's proposal;
 4. Instructs its President to forward this resolution to the Council and Commission (and, for information, to the Parliaments of the Member States).

¹ OJ No. C 16, 23. 1.1990, p. 10

² OJ No. C 66, 14.3.1991, p.14

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament on the Commission proposal for a Council directive fixing certain rates and target rates of excise duty on mineral oils

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(91) 0043 final)³,
 - having been consulted by the Council pursuant to Article 99 of the EEC Treaty (C3-0179/91),
 - having regard to its amendments to the proposal on the approximation of the rates of excise duty on mineral oils (COM(89) 0526 final)⁴, whereby the material provisions of proposal COM(91) 0043 final have been incorporated into proposal
 - having regard to the report of the Committee on Economic and Monetary Affairs and Industrial Policy and the opinions of the Committee on Transport and Tourism and the Committee on the Environment, Public Health and Consumer Protection (A3-0138/91),
1. Rejects the Commission proposal;
 2. Instructs its President to forward this opinion to the Council and Commission.

³ OJ No. C 66, 14.3.1991, p. 14

⁴ OJ No. C 16, 23.1.1990, p. 10

B.

EXPLANATORY STATEMENT

Introduction

1. For many Member States a rapid transition from existing rates of taxation to the target rates - as advocated by the Commission in its initial proposal of August 1987 - presents considerable practical difficulties. For this reason, the Commission now adopts a more flexible approach by proposing minimum rates or rate bands according to the specific product.

The Committee on Economic and Monetary Affairs and Industrial Policy had dealt with the original Commission proposal (COM(87) 0327 - C2-0143/88) during the last legislature (report: A2-0056/89).

Appreciation of the new proposals

2. The method chosen by the Commission can be approved of especially as the comparison of excise rates, of which statistical charts are added to the Explanatory Memorandum, shows that only a minority of Member States will have to make major adjustments.
3. It should also be pointed out that, given the legislative definition of target rates, from 1 January 1993 Member States will only be able to alter the existing rates of excise duty where this results in greater convergence with the target rate. In view of the goals which Parliament seeks to achieve with regard to a number of Community policies - including those in the areas of the environment, energy, employment and economic development - the target rates proposed in COM(91) 0043 final for the different types of petrol, for diesel and for kerosene used as a propellant result in a balanced proposal, even though they might appear excessively high at first sight.
4. Parliament must insist that the Commission proposals COM(87) 0327 final for a Council directive on the approximation of rates of excise duty on mineral oils, COM(89) 0526 final for a Council directive on the approximation of the rates of excise duty and mineral oils and COM(91) 0043 final for a Council directive fixing certain rates and target rates of excise duty on mineral oils will be consolidated into one proposal for reasons of legislative economy (s. legislative resolutions).
5. The amendments are proposed for the following reasons:

- to Article 1:

The relevant Commission proposal on target rates COM(91) 0043 final has been submitted to Parliament by letter from the Council of 26 March 1991.

- to Article 3(1):

Before the Council acts, Parliament should be consulted in the same way as on the original proposal. The Intergovernmental Conference on the EMU may conclude that the Council is no longer bound to act unanimously on fiscal matters.

- to Article 3(2) and new Article 9(a):

This is to ensure that the minimum rates will join the target rates in order to achieve the approximation of the rates on mineral oils in a not too distant future.

- to Article 4:

In particular, with regard to target rates for the different types of petrol, the Commission proposes that the reference rate should be that applying to leaded petrol, fixing the rate for unleaded petrol by subtraction from the former. As the text is concerned with target rates, it would be much more consistent with the political objectives of environment protection and energy saving - while making no difference at all in economic terms - if the reverse approach were adopted: that is, if the reference rate were that applying to unleaded petrol and the rate of leaded petrol were fixed by addition to the former, while maintaining the proposed differential of ECU 50. With regard to this differential, it may be pointed out that, while four Member States currently impose a higher differential between the rates for leaded and unleaded petrol than that proposed, the figure of ECU 50 is still 10% higher than the average differential (obtained on the basis of an unweighted arithmetical average). This implies the need to step up economic incentives to encourage the consumption of less polluting types of petrol. In addition, it should also be stressed that only two Member States currently apply rates of excise duty on petrol (leaded and unleaded) which are higher than the proposed target rates.

- to Article 10a (new) and recital 9:

This new Article is introduced to promote in energy and transport supply renewable raw materials used as environmentally friendly additives or substitutes.

Opinion of the Committee on the Environment, Public Health and Consumer Protection

Letter from the chairman of the committee to Mr BEUMER, chairman of the Committee on Economic and Monetary Affairs and Industrial Policy

29 June 1990

Subject: The amended proposal for a Council directive on the approximation of the rates of excise duty on mineral oil

The Committee on the Environment, Public Health and Consumer Protection considered the above-mentioned Commission proposal at its meeting of 29 June 1990.

The committee is of the opinion that the objective should be to approximate the rates of excise duty on mineral oils at the highest possible level.

In the first instance this is desirable as an incentive to consumers to save energy and to use alternative energy sources.

The committee is also of the opinion that increasing the rates of excise duty does justice to the principle of 'the polluter pays'. At present it is all too often the case that the harmful effects of using mineral oils are passed on to society as a whole.

If the approximation of these rates of excise duty is to have a neutral effect on the budgets of the Member States, the latter can lower other taxes or increase certain subsidies (at least if, as is likely, as a result of price-sensitive demand an increase in these rates of excise duty leads to higher national revenue). In this way the price mechanism can be used to the benefit of the environment.

CONCLUSION

The Committee on the Environment, Public Health and Consumer Protection supports the efforts of the Commission to achieve a closer approximation of the rates of excise duty on mineral oils but advocates approximation at a level higher than the Commission's proposal.

(sgd) Ken COLLINS

The following took part in the vote: Collins, chairman; Amendola, de la Camara Martinez, Canavarro, Caudron (for Bombard), Ceci (for Imbeni), Diez de Rivera Icaza, Florenz, Llorca Vilaplana, Muntingh, Schmid, Vernier, Vertemati.

O P I N I O N

(Rule 120 of the Rules of Procedure)
of the Committee on Transport and Tourism
for the Committee on Economic and Monetary Affairs
and Industrial Policy

Draftsman: Mr CORNELISSEN

On 12 February 1990 the Committee on Transport and Tourism was asked to deliver an opinion on the Commission's proposal for a Council directive on the approximation of the rates of excise duty on mineral oils (Doc. C3-26/90). At its meeting of 24 April 1990 it appointed Mr Cornelissen draftsman.

On 13 February 1991 the Commission adopted the proposal for a Council Directive fixing certain rates and target rates of excise duty on mineral oils (COM(91) 43 final. The committee decided to include this proposal in the present opinion.

The committee considered the draft opinion at its meeting of 14 May 1991 and adopted the conclusions by 14 votes to 1 with 3 abstentions.

The following took part in the vote: Amaral, chairman, Topmann, Beazley, Christensen, vice-chairmen; Bourlanges, Coimbra Martins (for Iacono), Cornelissen (for Fantini), Joanny, Lalor (for Marleix), M ller, Romera i Alcazar, Sapena Granell, Sarlis, Schlechter, Schodruch, Simpson, Stewart, Visser and Wijsenbeek.

1. During the previous parliamentary term the Committee on Transport and Tourism had considered two Commission proposals for the harmonization of duties on mineral oils⁵ and approved them 'as a reasonable compromise' in an opinion drawn up by Mr Sapena Granell². However, the consultation procedure had not been concluded by the end of the parliamentary term. The proposals would have brought substantial cuts in the revenues of certain Member States, who had therefore opposed them. As unanimity was required pursuant to the legal basis, Article 99 of the EEC Treaty, the Commission was obliged to amend its proposals.
2. The Commission is now proposing a two-stage process for mineral oil duty harmonization. At the end of the process of convergence uniform target rates would apply in the Community, taking its energy, environmental and transport policies into account; these target rates would subsequently be reviewed periodically by the Council (acting by qualified majority); however for diesel fuel a rate band rather than a target rate is proposed. Nor is there any binding deadline for adjustment to the target rates.
3. The Commission is clearly assuming that these target rates will not have been put into effect by all Member States by the time the internal market comes into force on 1 January 1993. So as not to jeopardize the abolition of internal barriers on that date, the Commission is proposing that for a transitional period beginning on 1 January 1993 at the latest, Member States should apply rates of mineral oil duty not less than specific minimum rates or within a specified band.
4. The Commission believes that for petrol (leaded or unleaded) which is mainly sold to the final consumer, it will be enough to set a minimum rate in order to avoid material distortions of competition in the internal market. For products like diesel with its mainly commercial usage the Commission considers that a relatively restricted rate band is required, within which the differences between mineral oil duty rates applied by the Member States can be accommodated. From a transport policy point of view the interesting point is the duty on petrol and diesel.
5. For leaded petrol the Commission is proposing a minimum rate of ECU 337/1000 l; the rate of duty for unleaded petrol would be ECU 50 less. To comply with this minimum rate, substantial increases in mineral oil duty would be required only in Luxembourg and (for leaded petrol) in Belgium and Portugal. In Italy, Denmark, France and Ireland (and in Spain and Greece in respect of unleaded petrol) rates are still well above the minimum rate. The target rate for leaded petrol is ECU 495 and ECU 445 for unleaded.
6. For diesel the Commission has departed from the target rate proposed in 1987 of ECU 177 per 1000 litres and, after reconsidering the band proposed in December 1989 of ECU 195-205 per 1000 litres, is now proposing a band of ECU 245-270 per 1000 litres. Substantial increases in duty on diesel would be required in Luxembourg, the Netherlands, Greece, and moderate increases in Belgium, Denmark, Germany and France;

⁵ COM(98) 324 final and 327 final

² PE 118.299/fin.

in Ireland and Italy the rates would have to be cut. In the other Member States the present rates are close to the proposed band.

7. When assessing this proposal we also have to take other fiscal burdens on transport into account, especially motor vehicle taxes and road tolls and charges. The Committee on Transport takes the view, as expressed most recently in the Amaral report on the development of the common transport policy in the run up to the completion of the internal market (A3-0306/90) that they should be harmonized at Community level and incorporated in a common system for charging infrastructure costs. It is therefore regrettable that because the Commission is submitting separate proposals on these various aspects, they cannot easily be debated as a whole.
8. The Commission's recent proposal concerning common minimum rates for heavy goods vehicle taxes³ allows the Member States to reimburse vehicle taxes paid to them under a specific formula where heavy goods vehicles are driven on toll motorways. After a transitional period to end on 1 January 1995 the minimum vehicle tax rates for heavy goods vehicles should be such that, taking into account revenue from diesel excise duty, infrastructure charges are fairly apportioned among all categories of heavy goods vehicles.
9. If we take this Commission proposal as a working hypothesis, the rate of excise duty on diesel would be irrelevant to the charging of infrastructure costs to goods vehicles. It is however worth pointing out that the ECU 245-270 per 1000 l band now being proposed for diesel roughly corresponds to the figure of ECU 256 which, according to the Commission's calculations, should be sufficient to cover the variable infrastructure costs of heavy traffic. These are however very general calculations and have not gone uncontested.
10. There have as yet been no studies at Community level into the contribution to infrastructure costs by private cars. The rapporteur is aware only of a study carried out in Germany, which found that there the tax burden on private road traffic far exceeded the infrastructure cost involved (without taking external costs such as accidents and environmental damage into account).
11. The Commission's proposal would therefore, if adopted, produce harmonization and a rise in mineral oil duty (hence prices) in the Community. This outcome might be desirable on the grounds of energy saving, environmental protection and the principle that the polluter pays, but positive action will also be needed to improve the transport system if Europe's economic strength and ability to compete internationally is not to be weakened.

³ COM(90) 540 final; rapporteur for the Committee on Transport and Tourism: Mr Bourlanges

12. The study commissioned by the Commission entitled 'Transport in a fast-changing Europe - Vers un r seau europ en des syst mes de transport'⁴ produced a proposal to earmark part of mineral oil excise revenue for a modern transport infrastructure fund. The rates of mineral oil duty proposed by the Commission would appear acceptable, even from the viewpoint of the peripheral, economically weaker areas, only if such a fund is set up.

Conclusions

13. The Committee on Transport and Tourism approves the Commission's proposal subject to the following amendments:

14. Amendment No. 1

Commission proposal for a Council directive on the harmonization of the structures of excise duties on mineral oils (COM(90) 434 final).

After the third recital add the following new recital:

For environmental reasons it is not acceptable that the harmonization of excise duties on diesel fuel and petrol in several Member States should lead to a considerable reduction in cost and consequently, to a direct stimulus for road traffic.

15. Amendment No. 2

Add the following new paragraph 3 in Article 3:

In all Member States a levy should be imposed at the same level as the excise duty which shall be paid into a Community infrastructure fund. This fund shall be used to support infrastructure projects of Community interest with priority being given to the least polluting types of transport. The rate of the levy and the utilization of the resources of the fund shall be laid down each year by the budgetary authority of the Community. The levy shall be set at ECU 10 per 1000 litres of fuel at 1 January 1993.

16. Amendment No. 3

Add the following new Article 10(a) after Article 10:

The Member States shall be responsible for transferring the additional revenue collected pursuant to Articles 4, 4a, 5, 8 and 9 to a special fund. This fund shall be used to finance infrastructure projects in the sphere of transport giving preference to the least polluting types of transport and for other measures designed to create environmentally friendly and energy saving transport.

17. Amendment No. 4

⁴ Group 2000 plus, rapporteur for the Committee on Transport and Tourism, Mr Iacono

Proposal for a Council Directive fixing certain rates and target rates of excise duty on mineral oils (COM(91) 43 final)

After recital 2 add the following new recital 2a:

The excise duty on kerosene used as fuel may only be introduced in agreement with the EFTA countries in the context of the European Economic Area.

18. Amendment No. 5

After recital 2 add the following new recital 2b:

These proposals must be seen in connection with the harmonization of the charging of transport infrastructure costs to heavy goods vehicles (COM(90) 540 final) with regard to supplementary charges on the excise duty for the benefit of a European infrastructure fund.

