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EUROPEAN PARLIAMENT

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A3-0103/91



## R E P O R T

of the Committee on Economic and Monetary Affairs and Industrial Policy

on the Commission proposal for a Council directive on the harmonization of the structures of excise duties on mineral oils (COM(90) 0434 final - C3-0394/90)

Rapporteur : Mr. Joan COLOM I NAVAL

PE 146.411/final  
Or. EN/ES

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



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



= 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 27 November 1990 the Council consulted the European Parliament, pursuant to Article 99 of the EEC Treaty, on the Commission proposal for a Council directive on the harmonization of the structures of excise duties on mineral oils.

At the sitting of 10 December 1990 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 opinions.

At its meeting of 20 September 1990 the Committee on Economic and Monetary Affairs and Industrial Policy had appointed Mr Colom i Naval rapporteur.

At its meetings of 25-27 September 1990, 5-7 November 1990, 5-7 February 1991 and 18-20 März 1991 it considered the Commission proposal and draft report.

At the meeting of the 24 April 1991 it adopted the draft legislative resolution by 26 votes to 1 with 2 abstention.

The following were present for the vote: Beumer, chairman; Desmond, vice-chairman; de Montesquiou, vice-chairman; Colom i Naval, rapporteur; Alcaez de Paz (for Cravinho), Barton, Beazley, Cassidy, Caudron, Christiansen, de Donnea, de Piccoli, Donnelly, Ernst de la Graete, Herman, Maher (for Cox), Merz, Metten, Papayannakis, Patterson, Porto (for Visentini), Randzio-Plath (for Rogalla), Riskaer Pedersen, Saridakis (for Iodice), Sboarina, Siso Cruellas, Smith A. (for Read), Tongue, van der Waal (for Lataillade), von Wogau.

The Committee on the Environment, Public Health and Consumer Protection decided not to deliver an opinion.

The opinion of the Committee on Transport and Tourism will be published separately.

The report was tabled on 26 April 1991.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

Commission proposal for a Council directive on the harmonization  
of the structure of excise duties on mineral oils  
COM(90) 434 final - C3-0394/90

Commission text<sup>1</sup>

Amendments

(Amendment No. 1)  
Article 2(4) (new)

For the purposes of this Directive,  
'products falling within CN code'  
shall mean those listed under the  
said heading in the combined  
nomenclature (CN) in force.

(Amendment No. 2)  
Article 8(2) third indent a (new)

- in the area of pilot projects for  
the technological development of  
more environmentally friendly  
products.

(Amendment No. 3)  
Article 9

Pending the adoption of Community  
rules for the colouring and marking of  
those mineral oils used at a reduced  
rate as fuel or as motor fuel, Member  
States shall take all necessary  
measures to prevent improper use.

By 31 December 1992, the Council  
shall adopt Community rules for the  
colouring and marking of those  
mineral oils used at a reduced rate  
as fuel or as motor fuel.

<sup>1</sup> for full text see COM(90) 434 final  
OJ No. C 322, 21.12.90, p. 18

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament  
on the Commission proposal for a Council directive  
on the harmonization of the structures of excise duties on mineral oils

The European Parliament,

- having regard to the Commission proposal to the Council (COM(90) 0434 final)<sup>2</sup>,
  - having been consulted by the Council pursuant to Article 99 of the EEC-Treaty (C3-0394/90),
  - having regard to the report of the Committee on Economic and Monetary Affairs and Industrial Policy and the opinion of the Committee on Transport and Tourism (A3-0103/91),
1. Approves the Commission proposal subject to Parliaments amendments 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 proposal;
  4. Instructs its President to forward this opinion to the Council and Commission.

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<sup>2</sup> OJ No. C 322, 21.12.90, p. 18

B  
EXPLANATORY STATEMENT

I. INTRODUCTION

With the exception of value added tax, excise duty on mineral oils is the most important indirect tax in the Member States in terms of quantity. If VAT is excluded, excise duty on mineral oils alone accounts for more than half of the revenue accruing from indirect taxes in the majority of Member States, and it should be pointed out in this connection that duty on petrol amounts to some 40 % of total revenue from indirect taxes.

In addition, the chargeable event in respect of this tax - the consumption of hydrocarbons or mineral oils - is intrinsically linked to crucial aspects of economic activity. The impact of duty is self-evident in the case of transport, but its role as a tax on a particular energy source means that its effects on economic development and business competitiveness should not be overlooked either. It is also important to bear in mind its environmental impact and the possibility that duties might help to correct some of the negative balance-of-trade figures stemming from the use of mineral oils.

This justifies giving detailed consideration to the Commission proposal, together with the accompanying explanatory memorandum and the opinion of the Economic and Social Committee (ESC 140/91).

The proposal for a directive COM(90) 434 final replaces and extends that put forward in COM(73) 1234 and should be considered in conjunction with proposals COM(89) 526 final and COM(91) 43, and within the framework defined in the proposal for a Council directive on the general arrangements for products subject to excise duty and on the holding and movement of such products (COM(90) 431 final).

In this context, the Commission proposal can be approved in principle. In the light of a number of past debates in Parliament, it should be pointed out that its aims are strictly limited to what can be considered fundamental to the functioning of the internal market.

The above applies particularly to the possible allocation of a percentage of the revenue accruing from this duty, or a surcharge on it, to finance a transport infrastructure fund. It is important to draw a distinction here between the fund and its financing. With respect to the possible creation of a Community transport infrastructure fund, the discussions within the Committee on Transport and Tourism and our own Committee on Economic and Monetary Affairs and Industrial Policy suggest a favourable climate of opinion, even though Parliament has not yet delivered an opinion on the matter, and your rapporteur endorses the suitability of such a fund with a view to achieving the dual aim of the internal market and cohesion. Nevertheless, your rapporteur takes the view that the creation of such a fund appears to have more to do with the shaping of the common transport policy envisaged in the Treaties, an issue which should be addressed when the post-1993 plan or multiannual financial perspective is drawn up. Your rapporteur by no means rules out the possibility that, in future, such excise duty may in some way form part of the Community's own resources, particularly if Parliament is given legislative power in this area, but he considers that it would be inappropriate to incorporate this issue in the present proposal: leaving aside the objections which might be raised to the allocation of revenue from the

point of view of budgetary logic, a decision of this nature would appear more suited to the legislative framework resulting from the Intergovernmental Conferences on EMU and Political Union.

## II. ANALYSIS OF ARTICLES

Article 2(1) - The aim is to set out an exhaustive list of chargeable hydrocarbons, i.e. those which can be used as fuel or as motor fuel. The list is based on the Combined Nomenclature (CN) codes. A slight problem arises here with the extension of fiscal control to cover chemically pure hydrocarbons, whose use for these purposes is currently irrelevant.

Subparagraphs (e) and (i) - which include, with some exceptions, products falling within CN codes 2711, 2901 and 2902 - merit particular attention. These provisions mean that, according to the Commission proposal, only a relatively small fraction - less than a quarter - of current consumption of liquid petroleum gases (LPGs) will be subject to duty. For technical reasons such as difficulties in marking, however, it will be possible to substitute chargeable and non-chargeable LPGs, since the chemical substance involved is the same, the difference - and the grounds for deciding whether or not it is subject to duty - lying in its use, which poses a risk of fraud. From the environmental point of view, LPGs offer considerable advantages, with CO and SO<sup>2</sup> emissions significantly below the levels produced by substitute fuels.

Article 2(3) - This is a precautionary measure designed to prevent erosion of the tax base through the use of substitute products, defined in a very general way as 'any product similar in nature to mineral oils and intended for ...'. The Commission wishes to defer taxation of any more environmentally friendly fuels which may result from technological development, but it fails to take account of the transitional phase involving experimental products, which might be the subject of specific provisions.

Article 2(4) - In the explanatory memorandum to document COM(90) 434 final the Commission sets out an extremely sound justification of the procedure for regularly updating the CN codes applicable, which your rapporteur would be prepared to endorse.

Unfortunately, Article 2(4) does not appear in the text of the proposal, and no provision is made for any such mechanism.

Article 3 - In order to avoid ambiguity and uncertainty in defining the basis on which excise duty is to be calculated, the proposal lays down a standard temperature of 15 degrees Celsius, which may entail slight adjustments in some Member States.

Article 8 - The proposed exemptions can be justified, and in some cases resolve the problems raised in document PE 140.032, debated in this committee on previous occasions. It should nevertheless be pointed out that the problem described in connection with subparagraphs (e) and (i) of Article 2(1) arises from their linkage with Article 8(1)(c).

Article 9 - The Community rules mentioned here should come into force by 31 December 1992.

