

Energy tax directive

COMMENTS FROM THE SWEDISH FOREST INDUSTRIES FEDERATION

The Swedish Forest Industries Federation represents companies that use forests to provide the raw materials for their products and services. This includes producers of pulp, paper, cardboard, packaging and biofuel. Similarly, sawmills producing all sorts of boards, planks, roof trusses and other prefabricated construction elements are also included.

The Swedish forest industry is energy intense and consumes about 21 TWh per year, or over 15 percent of the electricity consumption in Sweden. Supply of electricity to a competitive cost is essential for the competitiveness of the Swedish forest industry.

The pulp and paper industry is covered by the Emission Trading System (ETS) and is also included under the scope of the Energy Taxation Directive (ETD). The ETD aims to create a level playing field within the European internal market. Our industry is however also competing on a global market in which many countries do not have any taxes on energy at all.

A common EU framework is necessary for the smooth functioning of the EU energy market in order to avoid distortions on the internal market. However, minimum energy tariffs do not exist in a large part of the rest of the world where European industry have their global competitors. In order to mitigate the negative impact of energy taxation to international competitiveness, minimum tariffs shall be kept at the current level.

Electrification of the industry is a key enabler for decarbonisation. Minimum tax rates for electricity for the industry must not increase from today's levels. Exemptions from energy tax on electricity should be possible for innovative uses such as energy storage, power to gas, generation of hydrogen, electrofuels etc. As electricity generation is included in EU-ETS, there is already a CO₂ component in the price of electricity.

Sectoral differentiation of tax levels is an important possibility for MS to optimize their policy framework to efficiently reach their desired targets. Therefore, the current possibility to differentiate between tax levels for industry and households is important to keep. Such national differentiation should not be regarded as subsidies since its purpose is to keep a level playing field between competing sectors within the EU.

Decarbonisation of the traded sector is preferably managed through the EU-ETS system. For the non-traded sector, energy taxes, including a CO₂ component, can be efficient tools to reach decarbonisation goals. It is important that the industrial sector covered by EU-ETS can be exempted from CO₂ related taxation.

An efficient way to promote biofuels and alternative fuels such as hydrogen, electrofuels and synthetic fuels is to exempt them from energy taxation. The energy taxation directive should not hinder the goals of the renewable directive. A revised Energy Taxation directive should therefore not apply to biofuels falling within CN-codes 4401 and 4402.