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Recommendations for action on the planned revision of the Energy Taxation Directive

Renewable energies such as sustainable biofuels are an important option for reducing GHG emissions in the EU transport sector. Especially when considering that internal combustion engines will be the dominant drive technology on Europe's roads for the next few decades.

Biodiesel made from waste and residues is characterized by a GHG reduction of more than 90 percent. At the same time, due to higher feedstock and production costs sustainable biofuels are usually offered at a higher net market price than fossil fuels.

Within the RED II the European Commission has set itself the clear goal of increasing the use of renewable energies and noticeably reducing GHG emissions. We would therefore consider it a consistent EU policy to tax energy alternatives on the basis of their CO₂ emissions in the future. Therefore we propose to change the ETD taxation system accordingly.

Today biofuels such as biodiesel are mixed with conventional diesel up to seven percent. Many diesel vehicles, cars and trucks, are already approved for higher blends, for example blends of up to 20 %, 30 % or even the use of pure biodiesel. A CO₂ emission related tax rate would thus increase the attractiveness for consumers and truck fleets to use higher proportions of biofuels or even pure biofuel. In addition such a taxation system would path the way for the development and deployment of new technologies and fuel alternatives offering high GHG savings.

If the European Commission decides to maintain the tax system as is, according to Article 16 of the Energy Taxation Directive, Member States should still be able to apply for an exemption or a reduced rate of taxation for biofuels that are mixed with fossil fuels or even used pure. We therefore propose to keep this possibility for the same reasons as mentioned above.

Higher blends of sustainable biofuels would not only make a noticeable contribution to EU climate protection, they also contribute to regional added value, since the biofuel is mostly produced by medium-sized, decentralized manufacturers.

The MVaK represents companies from Germany, Austria and The Netherlands that collect and prepare suitable vegetable waste and residues, mainly used cooking oils and waste fatty acids, process them into waste-based biodiesel or deal with feedstocks and finished products. With a total annual processing capacity of almost 1 million tons of biodiesel, the MVaK represents a significant share of the overall European market for the production of waste-based biodiesel.

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