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## Remarks concerning the public consultation on the revision of the Energy Taxation Directive (ETD)

The confederation of Swedish Enterprises supports the European Green Deal and underlines the need for combining decreasing emissions with increased growth. If we are to be true role models for the rest of the world an agenda increasing European business competitiveness must be at the heart of our climate policies. The Confederation of Swedish Enterprise remains strongly committed to taking part in ensuring that Europe becomes the worlds first climate neutral continent by 2050 and we are looking forward to taking part in the discussions on how to best increase the 2030 target.

With this in mind The Confederation of Swedish Enterprise would like to submit the following with regards to the ongoing consultation on the possible revision of the Energy Taxation Directive (ETD). Aligning different EU policies is a commendable ambition. Different policy areas influence each other and to reach an efficient development in line with the Green Deal the combination of regulatory measures need to be complementary. At the same time, it is important that different legislation do not overlap each other.

Considering this it is essential to recognize that the EU-ETS is and must remain the key tool for reducing CO<sub>2</sub>-emissions from industry and electricity generation. However; given that a large portion of the emissions in the EU is not covered by the EU-ETS and that only a minority of the member states have introduced a carbon tax a minimum carbon tax should be introduced within the ETD. Putting a price on CO<sub>2</sub>-emissions is the most efficient way to decrease emissions and member states which have introduced a price on CO<sub>2</sub>-emissions are currently not being rewarded for this. However it is essential to underline that a new minimum carbon tax must not interfere with the EU-ETS.

Further minimum tax levels should be linked to energy content. Taxation based on energy content and CO<sub>2</sub>-emissions instead of volume-based taxation would incentivize consumers and companies to choose a low-carbon, energy efficient alternative.

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 and the introduction of a minimum carbon tax should be combined with lowered minimum energy taxes to ensure that the total minimum tax level does not increase.

European businesses operating in highly competitive international markets must remain out-of-scope as stated in article 2.4b of the ETD to ensure a level playing field at a global level. Similarly, the exemptions in article 17 and 15(l) concerning energy intensive industries is important to safeguard a level playing field at the EU internal market. These consistent definitions facilitate implementation and minimize costs and administrative burdens for MS and businesses and paves the way for a cost-efficient green transition. These exemptions must also be extended to a minimum carbon tax, when introduced.

Looking into the future it is clear that electrification of the industry is a key enabler for decarbonisation. Minimum tax rates for electricity for the industry must therefore not increase from today's levels.

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 other sectors 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. We also believe that the legal basis for ETD shall continue to be article 113 of the Treaty.

An efficient way to promote biofuels and alternative fuels such as hydrogen, electro fuels and synthetic fuels is to exempt them from energy and carbon taxation. The energy taxation directive should not hinder the goals of the Renewable Energy Directive.

To ensure greater legal certainty for companies, we would urge the Commission to ensure that any energy tax reductions or exemptions allowed by the ETD is automatically considered in line with state aid rules and fall under the General Block Exemption Regulation.

A revision of the ETD must fully take into account the general competitiveness of the EU. Any revision which results in a higher total tax level and decreased international competitiveness of European business must be deemed a failure, both as climate policy and as business policy.

Lastly, we understand concerns regarding the potentially significant impact of a revision of the ETD on lower-income households. While some of the measures proposed in the questionnaire may alleviate this issue, we believe that Member States are best-placed to address these concerns at the national level.