



December 13<sup>th</sup>, 2022

## **ECOFIN policy debate on the revision of the energy taxation directive**

In its [position paper of December 2<sup>nd</sup>, 2022, on the proposed rise in taxes for aviation and maritime fuel](#), INSULEUR highlighted amongst others that, while remaining fully committed to the EU's green deal objectives, INSULEUR considers that the increase in transport costs resulting from the revision of the Energy Tax Directive will have a higher and disproportionate impact on citizens and businesses located in EU islands, with an adverse impact on the economic and social cohesion in the EU. This position paper was dispatched to the Czech Presidency in view of ECOFIN's meeting of December 6<sup>th</sup> and to Eurochambres as well.

It is therefore with great satisfaction that INSULEUR welcomes the interventions of Greece, Malta, Spain, Cyprus and Portugal, which shared INSULEUR's position and put forward the insularity dimension within the discussion on the revision of the ETD revision during the ECOFIN meeting of the 6<sup>th</sup> December.

In the [recording of the ECOFIN discussion on the energy taxation directive](#) (available in all languages), it was made reference amongst others to the facts that:

- The nature of some geographical particularities calls for more permanent solutions.
- The particularities and geographical position of insular states, archipelagos and insular territories calls for special treatment of a more permanent nature.
- Specific and permanent solutions for targeted but crucial sectors, such as exemptions or derogations for the aviation and maritime sectors.
- Islands remain heavily dependent on air and maritime transportation for the movement of people and transportation/trade of goods and services.
- A taxation on fuel will not result in the use of alternative transport options for islands because there is no cost-effective alternative options. Moreover, it will also place further limitations to connectivity while European islands' competitiveness will be dented further.

In his conclusions, the President of the European Council noted that the work on the ETD file must continue, taking into consideration the EU's environmental targets but also Member States' geographical circumstances and specificities.

INSULEUR would like to reiterate its position that the 'island dimension' needs to be included in all the policy proposals put forward at an EU level ensuring the territorial and social cohesion to which the EU continuously aspires: the revision of the energy taxation directive without retaining the current exemption of taxation for islands on the use of kerosene fuel for the aviation sector, and heavy fuel oil for the maritime sector, given the issues raised, will impede this important transition in the policy formulation approach required at an EU level.