



**C L E P A**  
*European Association of  
Automotive Suppliers*

Mr Algirdas Šemeta  
Commissioner for Taxation and Customs  
Union, Audit and Anti-Fraud  
European Commission

Brussels, 30 September 2010

Dear Commissioner Šemeta,

I am writing to you to express the views of the European automotive suppliers industry, represented by CLEPA, concerning the plans to fundamentally revise energy taxation in the EU.

First of all, I would like to confirm that CLEPA shares the objective of the Commission to reduce emissions from non-ETS sectors. European automotive suppliers are running significant investment programmes to provide car manufacturers with the cutting edge technologies to cut emissions of vehicles running on conventional fuels while developing innovations in electromobility. These programmes have recently been geared to meet the CO2 reduction targets for passenger cars set by EU legislation for 2015 and 2020.

We understand that the Commission seeks to use the ETD directive to further promote emission cuts by increasing considerably the minimum rates of excise duties on diesel fuel with the effect completely reversing the current relationship between diesel and petrol. Without disputing the conceptual merits of introducing CO2 criteria in energy taxes, this change would in our view bring unintended negative consequences on EU's emission targets in addition to social problems.

As concerns emission targets, CLEPA is concerned about the prospective higher diesel taxes, which would cause the sales of diesel cars to decline significantly. As the efficiency of diesel engines is 20-25% higher than that of petrol engines, the increase of diesel tax would actually risk increasing total emissions by encouraging the use of less efficient petrol engines in the absence of infrastructures and standards needed to field alternative fuel technologies.

Moreover, there will be negative social consequences to the 6 million people directly employed in the automotive sector. Europe's global leadership in diesel technology would lose value which in turn would hamper investments in new research creating a vicious circle at a critical time.


For these reasons, CLEPA estimates that the minimum rate on diesel fuel should not exceed the minimum rate of petrol.

In case the Commission decides to launch an impact assessment, CLEPA would recommend including in it a sensitivity analysis on the influence of reversed petrol and diesel prices at the pump on customer preferences, on CO2 emissions and the competitiveness of the automotive sector.

In any case, CLEPA is ready to offer its assistance in seeking other solutions should you deem it appropriate.

Thank you for your consideration.

Yours Sincerely,

  
Lars Holmqvist  
CEO, CLEPA

cc.: Mr W.Deffa, Director General, DG TAXUD;  
Mr A. Wiedow, Director; Mr R. Diemer, Head of Unit