


Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	2000/2114(COS)	Procedure completed
Excise duties, mineral oils: taxation of aircraft fuel		
Subject		
2.70.02 Indirect taxation, VAT, excise duties		
3.60.02 Oil industry, motor fuels		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		17/04/2000
		PPE-DE GARCÍA-MARGALLO Y MARFIL José Manuel	
	Committee for opinion	Rapporteur for opinion	Appointed
	ENVI Environment, Public Health, Consumer Policy		19/06/2000
		ELDR OLSSON Karl Erik	
	RETT Regional Policy, Transport and Tourism		23/05/2000
		EDD VAN DAM Rijk	
Council of the European Union	Council configuration	Meeting	Date
	Health	2281	29/06/2000
	Economic and Financial Affairs ECOFIN	2246	13/03/2000
European Commission	Commission DG	Commissioner	
	Taxation and Customs Union		

Key events			
02/03/2000	Non-legislative basic document published	COM(2000)0110	Summary
13/03/2000	Debate in Council	2246	
03/05/2000	Committee referral announced in Parliament		
29/06/2000	Debate in Council	2281	
07/11/2000	Vote in committee		Summary
07/11/2000	Committee report tabled for plenary	A5-0334/2000	
13/12/2000	Debate in Parliament		
14/12/2000	Decision by Parliament	T5-0580/2000	Summary

14/12/2000	End of procedure in Parliament		
17/08/2001	Final act published in Official Journal		

Technical information

Procedure reference	2000/2114(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/12586

Documentation gateway

Non-legislative basic document		COM(2000)0110	02/03/2000	EC	Summary
Committee report tabled for plenary, single reading		A5-0334/2000 OJ C 232 17.08.2001, p. 0006	07/11/2000	EP	
Text adopted by Parliament, single reading		T5-0580/2000 OJ C 232 17.08.2001, p. 0206-0343	14/12/2000	EP	Summary

Excise duties, mineral oils: taxation of aircraft fuel

PURPOSE : to present a Communication from the Commission on the taxation of aircraft fuel. **CONTENT** : the structure of the taxation of mineral oils within the Community is currently governed by Council Directive 98/81/EEC on the harmonisation of the structures of excise duties on mineral oils. This Directive provides a compulsory exemption for Commercial aviation fuel. Furthermore, the Council was required to review this exemption on the basis of a report from the Commission and thereafter will decide unanimously on a proposal from the Commission whether to abolish or modify these exemptions. The review was carried out in 1996 and in its report, the Commission recommended that excise duties on mineral oils should be extended to aviation kerosene as soon as the international legal situation allows the Community to levy such a tax on all carriers including those from third countries. In addition, both the review and the proposal from the Commission have been discussed in various Council working-Groups. The result of these discussions was that the Council wanted the Commission to provide further information on all aspects of aircraft fuel. In response to this request, the Commission has conducted a comprehensive study of this subject. This Communication sets out the results of that study and the Commission's reaction. Firstly, the study examined five possible tax coverage levels ranging from taxation of national flights only to taxation of all flights from all carriers to all destinations worldwide. Secondly, an analysis of the current international, Community and national legislative situation was produced together with an examination of the possible avoidance measures and, finally, an assessment of cost internalisation in the air transport sector in comparison with other modes of transport. In conclusion, the results of this study confirm the conclusions, which the Commission drew in its 1996 report on this question. Principally for 'economic reasons', it would not be practicable or desirable for the Community as a whole to introduce taxation of aircraft fuel targeting exclusively intra-Community flights operated by Community air carriers at the present time. This conclusion remains unchanged in the light of the other results of the study, which show that environmental effects of such unilateral action would be significantly less. On the other hand, the study equally confirms that there would be significantly higher environmental benefits from the introduction of kerosene taxation targeting all operations from Community airports. The Commission therefore recommends that: - the Council proceeds with the adoption of the Commission Proposal for a Council Directive restructuring the Community framework for the taxation of energy products permitting Member States to levy tax on aviation fuel used on National flights, or by bilateral agreement, intra-Community movements; - Member States, in close co-operation with the Commission, intensify their work within the ICAO framework for the introduction of taxation on aviation fuel and other instruments with similar effects; - the Council reviews the situation on the basis of a Report from the Commission on the outcome of ongoing discussions and negotiations within the ICAO framework, targeting the 33rd ICAO Assembly.?

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The committee adopted the report by José Manuel GARCÍA-MARGALLO Y MARFIL (EPP-ED, E) which broadly endorsed the measures proposed by the Commission, although it pointed out that the Commission should have analysed the environmental impact of a tax on aircraft fuel in greater detail. The committee recognised that, for economic reasons, it would not currently be feasible for the Community as a whole to introduce taxation of aviation fuel targeting exclusively intra-EU flights operated by Community air carriers. It welcomed the Commission's recommendation that Member States should be permitted to levy tax on aviation fuel for domestic flights or, via bilateral agreements, intra-EU flights. The committee called for immediate measures to reduce the environmental impact of aviation and to create a more level playing field by making aviation subject to the same 5% greenhouse gas emission reduction targets as other sectors under the Kyoto treaty. An environmental charge should be introduced on flights to and from EU airports. The Council was urged to ensure that a compromise was

reached on the treatment of aviation fuel at the 33rd ICAO Conference in 2001. If no satisfactory measures were taken at that conference, the Commission should put forward proposals for internal EU measures. The committee felt that, in any case, the Commission should undertake a study analysing alternative solutions to reducing CO2 emissions from air transport, such as emissions trading schemes, research into technological improvement of engines and fuel and better management of air traffic.?

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The Parliament endorsed the report by Mr José GARCIA-MARGALLO Y MARFIL (EPP/ED, E) by 393 votes to 45 votes, with 34 abstentions, without amendment. (Please refer to the previous document).?