

# Methanol Institute Position on Energy Taxation Directive Revision

*Industry group supports Commission proposal for fuel excise taxation on an energy basis*

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[/EINPresswire.com/](https://www.einpresswire.com/) -- A position paper published by the [Methanol Institute](#)

(MI) today expresses the association's full support for the European

Commission's proposed revision of the Energy Taxation Directive under the Fit for 55 packages. The central feature of the revision introduced in July is the

restructuring of EU taxation of fuels to reflect actual energy content and environmental performance, rather than volumetric weight.



“By moving from volumetric excise taxation to an energy content basis, the Commission’s proposal effectively provides pricing signals to encourage investment in energy-efficiency and reduced carbon intensity,” notes Matthías Ólafsson, Methanol Institute’s Manager of Government and Public Affairs in Europe and author of the paper. “Moreover, it attains these results in a technology neutral manner, allowing the market to decide which form of alternative energy carriers to use.”

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*Matthías Ólafsson, Manager  
of Government and Public  
Affairs, Europe*

The paper includes recommendations to ensure that the reform effectively aligns taxation policy with the climate

ambition of the European Green Deal. The trade association encourages policymakers to extend the same minimum tax rate for alternative fuels in maritime transport to fuels in the road vehicle segment. Member States are also discouraged from applying higher rates than the minimums proposed in the directive. Furthermore, the Methanol Institute appeals to policymakers to employ mechanisms to determine fuel taxation on basis of its full environmental profile. “The fuel taxation categories should be based on carbon intensity as determined by lifecycle assessment produced by verified bodies instead of loosely assigning values based on feedstock

and combustion process,” according to Ólafsson.

Under EU legislative procedure, taxation is a national competence, and any amending system will require unanimity among the 27 Member States. One of the key hurdles is the foreseen cost increase of traditional fossil fuels, which may negatively impact consumers. In the position paper, the Methanol Institute encourages policymakers to employ tax revenues towards carrying the cost of the energy transition. “Member States should be empowered to employ energy taxation revenue towards reducing the cost of using renewable and low-carbon fuels to consumers while spurring development and investment in innovative technologies aimed at further reducing emissions from transport.” The full position paper can be accessed [HERE](#).

#### About MI

The Methanol Institute (MI) serves as the global trade association for the methanol industry.

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