

GAE Position on the Draft EU Energy Taxation Directive

October 2021

Glass Alliance Europe (GAE) welcomes the opportunity to express its position on the Draft Energy Taxation Directive published by the Commission in June 2021.

About Glass Alliance Europe - EU Transparency Register N° 74505036439-88

Glass Alliance Europe is the European Alliance of Glass Industries. It is composed of 14 national glass associations and of the five main sectors of the glass industries: container glass, flat glass, special glass, domestic glass and continuous filament glass fibres. Over Europe, the glass industry comprises more than 500 plants providing 500,000 direct and indirect jobs.

Europe is the world leader in glass making. Glass is a unique and inert material made from abundant natural resources and fully recyclable. It is a key contributor to the EU objectives of a low-carbon, energy-efficient and circular economy, and a key enabling material for essential supply chains, such as the pharmaceutical and health sector, the food and drink industry, buildings and construction, renewable energy, automotive and public transportation, luxury goods and perfumes, electronics, etc.

The glass industry wants to continue to support the EU on the [path to climate neutrality](#). With its diverse products ranging from high performance glazing products to resource-saving container glass, reinforcement glass fibres in wind turbines, special glass for the semiconductor industry, [the European glass industry is an essential contributor to the energy transition](#). To reach carbon neutrality, European glass manufacturers will have to invest massively in R&D and new technologies. This investment effort will take place in a context of high CO2 prices and energy prices. Maintaining the competitiveness of European manufacturers already exposed to unfair competition from countries with no or laxer climate policies is therefore essential.

However, GAE has noted with concern that the draft Energy Taxation Directive 2022 no longer explicitly mentions [mineralogical processes](#) in Article 3 (b) which are out of scope.

Considering the energy intensity and high trade intensity faced by the European glass industry, keeping the current applicable tax exemption is essential for its international competitiveness. Adding mineralogical processes in the new ETD would cost hundreds of millions of Euros to the glass industry. This would constitute a double burden with the Emission Trading Scheme, and severely undermine the capacity for the glass industry to invest in low carbon technology and succeed its energy transition.

Based on above considerations, GAE asks the EU Commission to keep 'mineralogical processes' in the list of uses of energy products and electricity in Article 3 1. (b) of the Proposal for a COUNCIL DIRECTIVE restructuring the Union framework for the taxation of energy products and electricity.

The more the glass industry moves towards low carbon production technologies, the more electricity it will use as an alternative to fossil fuel (increasing the share of electricity in its energy mix). Taking mineralogical processes not explicitly out the scope of the energy taxation directive will increase production costs and will increase glass industry electricity tax burden, therefore making investments into decarbonisation more insecure and costly, and less attractive. This contradicts the aim of the Commission that “electricity should always be among the least taxed energy sources in view of fostering its use”. Additionally, it has to be noticed that the move to electrification is already penalized by the fact that glass industrial sectors are not compensated for indirect carbon costs associated with electricity.

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