

# EUROPEAN PARLIAMENT

1999



2004

---

*Session document*

5 November 2003

FINAL  
**A5-0383/2003**

**\***

## **REPORT**

on the proposal for a Council directive amending Directive 92/81/EEC and Directive 92/82/EEC to introduce special tax arrangements for diesel fuel used for commercial purposes and to align the excise duties on petrol and diesel fuels

(COM(2002) 410 – C5-0409/2002 – 2002/0191(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Piia-Noora Kauppi

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

## CONTENTS

	<b>Page</b>
PROCEDURAL PAGE .....	4
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION .....	5
EXPLANATORY STATEMENT .....	6
OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER POLICY .....	10
OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY .....	21
OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM .....	26

## PROCEDURAL PAGE

By letter of 27 August 2002 the Council consulted Parliament, pursuant to Article 93 of the EC Treaty, on the proposal for a Council directive on amending Directive 92/81/EEC and Directive 92/82/EEC to introduce special tax arrangements for diesel fuel used for commercial purposes and to align the excise duties on petrol and diesel fuels (COM(2002) 410 – 2002/0191(CNS)).

At the sitting of 23 September 2002 the President of Parliament announced that he had referred the proposal to the Committee on Economic and Monetary Affairs as the committee responsible and the Committee on the Environment, Public Health and Consumer Policy, the Committee on Industry, External Trade, Research and Energy and to Committee on Regional Policy, Transport and Tourism for their opinions (C5-0409/2002).

The Committee on Economic and Monetary Affairs appointed Piia-Noora Kauppi rapporteur at its meeting of 1 October 2002.

The committee considered the Commission proposal and draft report at its meetings of 3 December 2002, 19 February 2003, 18 March 2003, 17 June 2003, 8 July 2003, 1 October 2003 and 4 November 2003.

At the last meeting it adopted the draft legislative resolution by 23 votes to 2, with 2 abstentions.

The following were present for the vote Christa Randzio-Plath (chairwoman), José Manuel García-Margallo y Marfil (vice-chairman), John Purvis (vice-chairman), Piia-Noora Kauppi (rapporteur), Generoso Andria, Roberto Felice Bigliardo, Hans Blokland, Armonia Bordes, Hans Udo Bullmann, Bert Doorn (for Ingo Friedrich), Manuel António dos Santos (for Pervenche Berès), Robert Goebbels, Lisbeth Grönfeldt Bergman, Pierre Jonckheer (for Alain Lipietz), Giorgos Katiforis, Christoph Werner Konrad, Astrid Lulling, Ioannis Marinou, Hans-Peter Mayer, Fernando Pérez Royo, Alexander Radwan, Bernhard Rapkay, Paul Rübig (for Othmar Karas pursuant to Rule 153(2)), Olle Schmidt, Peter William Skinner, Helena Torres Marques and Theresa Villiers.

The opinions of the Committee on Environment, Public Health and Consumer Policy, Committee on Industry, External Trade, Research and Energy and Committee on Regional Policy, Transport and Tourism are attached.

The report was tabled on 5 November 2003.

## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council directive on amending Directive 92/81/EEC and Directive 92/82/EEC to introduce special tax arrangements for diesel fuel used for commercial purposes and to align the excise duties on petrol and diesel fuels (COM(2002) 410 – C5-0409/2002 – 2002/0191(CNS))**

### **(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2002) 410)<sup>1</sup>,
  - having regard to Article 93 of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0409/2002),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on the Environment, Public Health and Consumer Policy, the Committee on Industry, External Trade, Research and Energy and Committee on Regional Policy, Transport and Tourism (A5-0383/2003),
1. Rejects the Commission proposal;
  2. Calls on the Commission to withdraw its proposal and submit a new one;
  3. Instructs its President to forward its position to the Council and Commission.

---

<sup>1</sup> OJ C 291, 26.11.2002, p. 221.

## EXPLANATORY STATEMENT

In December 2002, your rapporteur presented a working document highlighting a number of criticisms against this Commission Proposal which seeks to achieve a full harmonisation of excise rates for commercial diesel. She has since then continued to examine the issue and discussed with the Commission and with a number of other interested parties and she remains unconvinced that the time is right for this proposal. The main criticism in her working document focussed on the following points:

### **a. The reasoning behind the proposal - Is there really a problem?**

The Commission cites two primary reasons for tabling this proposal: protection of the environment and fair competition in the Internal Market. Whilst being a staunch supporter of both these aspects, your rapporteur has her doubts as to whether the proposal as drafted will have the desired effects.

First, as for the environmental effects, your rapporteur considers that these must be seen in a wider context (see point III below). It is also questionable what environmental benefits, if any, the proposal will have.

The Commission, citing evidence which can best be described as anecdotal, contends that trucks make unnecessary detours to fill up their sizeable tanks in countries where excise duties, and hence prices at the pump, are lower. The proposal contains a reference to a 1997 OECD report, which concluded that "gasoline tourism" accounted for 20% of sales in Switzerland. Even if one accepts this figure, there is, however, no way of knowing whether this is just a real substitution, i.e. truckers not filling up before departing from the country of origin, or whether this is as a result of people going out of their way to fill-up in Switzerland. Your rapporteur wonders whether this really is a problem of such a magnitude as to merit such a far-reaching measure - total harmonisation - as proposed by the Commission.

This brings her on to her second point: She is not yet convinced that it is even desirable to eliminate tax differences between Member States. She considers that an element of tax competition is quite healthy, especially as the proposed harmonisation drive would result in higher taxes in most cases.

Finally, coming as she does from a peripheral region of the Union, she feels that one must take regional aspects as well into consideration. Scandinavian truckers, for example, are unlikely to be affected by gasoline tourism in the way German or Belgian truckers allegedly are.

### **b. Other Related Policy Initiatives**

Your rapporteur also has a feeling that this proposal has been tabled outside its proper context. Although there are a number of references to the ongoing debate on a new transport policy framework, and the proposals to introduce a tax on infrastructure use, there is no real discussion of their interaction.

The Commission will soon present concrete proposals on infrastructure charge and taxes, and it would have been better that these two measures had been proposed simultaneously.

Otherwise, there is a clear risk than an excessive burden is placed on the transport sector in the form of increased diesel tax *and* new or raised infrastructure charges. While it is true that the proposed Article 8e makes reference to this problem, it only applies during the transitional period, and only for trucks weighing less than 16t.

### **c. Enlargement**

Your rapporteur is also very concerned what impact this proposal will have on the candidate countries, some of which at present apply taxes that are significantly lower than those in force in the EU at the moment. Is it, as the Commission suggests, realistic to expect them to arrive at the harmonised rate by 2012? Your rapporteur fears that these massive price hikes in several candidate countries would place tremendous burdens on them, and also fuel inflation at a time when they are striving to bring down their inflation levels to qualify for EMU membership. In addition, the candidate countries have already made significant efforts to adapt to the current acquis (€245), and already the relatively modest increase foreseen in the energy tax directive (see further below) may pose difficulties for some countries.

### **d. Unleaded Petrol**

One of the Commission's reasons for tabling this rather complex proposal is to introduce two categories of diesel taxes, and to ensure that the rate for passenger cars (non-commercial diesel) is rapidly brought in line with the rate applicable to unleaded petrol. The Commission considers that there are no environmental grounds for this different tax treatment. This needs further consideration. In addition, one must also consider what impact this will have on the industries concerned, which have invested heavily in R&D for diesel engines. One should also remember, that at the moment diesel technology is an area where European manufacturers have maintained a competitive advantage. One must also consider what impact this will have on the petroleum industries and refineries as the proposal is likely to shift consumption away from diesel.

### **e. Practical Considerations, Reimbursement Problems**

Your rapporteur finds it somewhat odd that nothing is said in the proposal as to how a system of differentiated tax rates for commercial and non-commercial diesel would work in practice. A system with two rates at the pump hardly seems practicable, and would, in any case, be wide open to fraud.

The only other realistic option would be some sort of refund system. This would, one assumes, require every freight company to be evaluated by the tax administrations and each truck assessed on the basis of Article 8c. But how could one really know for which particular truck a given quantity of diesel is really used? Would truckers be obliged to fill out a declaration stating each purchase, per vehicle?

Another practical problem would be the cross-border situation? How would a, for example, truck registered in Belgium recoup the difference between the rate for commercial and non-commercial diesel bought in France? At what rate?

### **f. The General Political Context of the Proposal - Is it realistic?**

As indicated above, the Commission has taken the bold move of proposing an absolute harmonisation of commercial diesel taxation, and this to be achieved in a relatively short period of time.

Already in her working document, your rapporteur questioned the feasibility of this approach. She wondered to what extent this will be acceptable to the Council, especially when one looks at the EU's dismal track record in achieving anything but minimum tax rates. One need only to look to the area of VAT where the Commission up to a point always proposed a rate band for the minimum standard rate. The proposed ceiling (25%) was always rejected by the Council, which consistently only adopted a minimum rate of 15%, despite the fact that the ceiling proposed corresponded to the highest tax rate in application in the EU! Consequently, in its last periodic VAT rate review (COM(2000)537), the Commission did not even bother to propose an upper limit. It is against that background very difficult for your rapporteur to see that the full harmonisation option could receive the unanimous support of the Member States.

Since the working document was produced, the Council has finally agreed on the so called energy tax directive which has been on the table since 1997. Article 7 of that Directive (which is currently under consideration by the Committee) fixes the minimum rate to €302 until 31 December 2009, and to €330 until 31 December 2012, and it adds "the Council, acting unanimously /.../ decided upon the minimum levels of taxation of gas oil for a further period beginning on 1 January 2013".

Article 7.2 gives Member States the *option* to differentiate between commercial and non-commercial diesel, and Article 7.3 defines commercial diesel. The definition here is much wider than in the 2002 proposal, and finally Article 7.4 a provision similar to that contained in the 2002 proposal concerning the taking into account of infrastructure charges.

The Commission is insisting that this is a question of apples and oranges, but your rapporteur disagrees and contends that for all practical purposes, the 2002 proposal is covered by the Energy Tax Directive. True, the former seeks to arrive at a full harmonisation, whereas the latter "only" sets minimum rates.

Be that as it may, but one must ask if it is realistic to expect the Council to press ahead and reopen the rates issue after just having agreed on in the energy tax proposal. The two proposals were on the Council's table at the same time, and the Council had every opportunity to incorporate it into the energy tax directive. Instead, the Council resorted to cherry picking in taking the relatively non-controversial parts and putting them in the energy tax proposal, and leaving the remaining parts by the roadside.

## **Conclusion**

Although her first reaction was to propose the rejection of the Commission proposal, your rapporteur subsequently put forward a number of amendments in order to improve the Commission proposal to meet the various concerns expressed above and by her colleagues. The core of her amendments sought to remove the proposed absolute harmonisation, with a rate band with an upper and a lower limit. She saw this as a more realistic option, both in terms of chances of progress in Council, but also in terms of allowing a degree of tax



competition between Member States. Her amendments also highlighted the need to co-ordinate fuels taxation with infrastructure charges. It simply makes no sense, in terms of guaranteeing a level playing field, to harmonise the one but not the other.

In the end, there was a clear majority in the Committee for a rejection of the Commission proposal and your rapporteur supported that line. She does, however, urge the Commission to come forward with a new proposal which better addresses the issues above, and which is better co-ordinated with the recently adopted Energy Tax Directive.

19 March 2003

## **OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER POLICY**

for the Committee on Economic and Monetary Affairs

on the proposal for a Council directive on amending Directive 92/81/EEC and Directive 92/82/EEC to introduce special tax arrangements for diesel fuel used for commercial purposes and to align the excise duties on petrol and diesel fuel (COM(2002) 410 – C5-0409/2002 – 2002/0191(CNS))

Draftsman: Eija-Riitta Anneli Korhola

### **PROCEDURE**

The Committee on the Environment, Public Health and Consumer Policy appointed Eija-Riitta Anneli Korhola draftsman at its meeting of 4 November 2002.

It considered the draft opinion at its meetings of 27 January and 19 March 2003.

At the last meeting it adopted the following amendments by 32 votes to 6, with 1 abstention.

The following were present for the vote: Caroline F. Jackson, chairman; Alexander de Roo, vice-chairman; Guido Sacconi, vice-chairman; Eija-Riitta Anneli Korhola, draftsman; Hans Blokland, David Robert Bowe, John Bowis, Dorette Corbey, Chris Davies, Anne Ferreira, Karl-Heinz Florenz, Cristina García-Orcoyen Tormo, Laura González Álvarez, Robert Goodwill, Françoise Grossetête, Heidi Anneli Hautala (for Hiltrud Breyer), Mary Honeyball (for Karin Scheele), Christa Klab, Bernd Lange, Peter Liese, Torben Lund, Minerva Melpomeni Malliori, Riitta Myller, Giuseppe Nisticò, Béatrice Patrie, Marit Paulsen, Frédérique Ries, Dagmar Roth-Behrendt, Yvonne Sandberg-Fries, Horst Schnellhardt, Inger Schörling, Jonas Sjöstedt, María Sornosa Martínez, Nicole Thomas-Mauro, Astrid Thors, Antonios Trakatellis, Kathleen Van Brempt, Peder Wachtmeister and Phillip Whitehead.

## SHORT JUSTIFICATION

The Commission proposal contains a whole range of arguments relating to sustainable environmental policy, which there is no need to repeat here. It accepts the need to internalise more completely than before the external costs of transport, such as congestion, CO<sub>2</sub>, NO<sub>x</sub> and particulate emissions, noise and injuries and deaths on the roads. These problems can be tackled most effectively at EU level, and the appropriate legal basis would therefore be Article 175 of the EC Treaty, which provides for codecision and for qualified majority voting in the Council.

### The need for a comprehensive approach to bring about sustainable transport and taxation

This proposal for a directive should be viewed in a broad context: over a decade it is proposed to establish a European tax system comprising taxes for vehicle registration and use, an intelligent pricing system for infrastructure and harmonised fuel taxes. As it is not possible to adopt such a comprehensive approach by means of this directive, and as this directive fixes the level of fuel taxes for quite a long time, this draft opinion includes an amendment proposing a new article relating to review.

The EU may have other policies and other objectives to which it is felt desirable to assign priority in situations where contradictory effects result: for example, the combined effect of road pricing, vehicle taxes and this directive, or the need to promote other types of vehicle fuels or energy sources may necessitate a review of the tax scales provided for here and the other provisions of the directive. A comprehensive review would be in the interests of consumers and would ensure balanced development of transport in sparsely populated regions where no public transport is available. In rural and remote regions, people are more dependent on private cars, and the external costs of transport are lower, than elsewhere.

### Transparency of the changes and of pricing to assist consumer choice

Europe must take measures relating to car use if we wish to comply with our Kyoto obligations. It would be short-sighted to try to attain the Kyoto targets at the expense of those who create employment, if no previous attempt had been made to exploit all the opportunities which transport affords for reducing emissions. The EU has already concluded agreements, for example with European car manufacturers (the ACEA) concerning production of cars which are cleaner and perform better in terms of fuel economy. The proposal for a directive is important to efforts to achieve the same end from the demand side by making costs visible to consumers.

Research into travel choices has yielded results which can readily be confirmed through everyday observation. Time spent waiting for public transport or walking is felt to be more 'expensive' than time spent in the car (in other words, time wasted in traffic jams irritates people less than the same length of time spent using public transport); time spent commuting is not assessed, and time wasted in this way goes unnoticed; measured in money terms, judgments of shortening or lengthening journey times are not symmetrical (only far more expensive private transport is assigned the same value as cheaper but perhaps slightly slower public transport); drivers generally under-estimate the true costs of their journeys and tend to base their assessments solely on fuel costs; people have a tendency to 'defend' their choices by underrating alternatives which they reject. These factors, among others, blur our consideration of the options on which our choices are based.

Moreover, people have a tendency to reconsider their choices only when a major change occurs, such as when moving house, transferring to a new place of employment or buying a new car, and changes in options which have already been rejected are not readily considered: even substantial developments in public services may not be taken into consideration. Accordingly, big changes in immediately perceptible costs, such as fuel prices or road pricing, are important initiators of choice processes. In this sense, a linear model for increasing excise on fuel may be too slow and gradual to spur consumers genuinely to perceive the situation in such a way as to change their consumption patterns. At all events, it is important from the outset to stress in public information the ultimate objective of internalising the external costs of transport.

### Public health

In general, diesel vehicles consume less fuel and emit less CO<sub>2</sub>. The driving style associated with them is generally more rational, as well. However, important though these reasons are, they do not make it necessary to maintain price differentials between the types of fuel, as owners of diesel-powered vehicles already gain an advantage from their fuel economy. In addition, it should be borne in mind that diesel-powered vehicles emit more nitrogen oxides and particulates, which are a serious threat to public health. It may be considered justified, therefore, to align the rates of excise on diesel and petrol.

## AMENDMENTS

The Committee on the Environment, Public Health and Consumer Policy calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

### Amendment 1

#### Recital 8

***(8) The commercial vehicle sector breaks down into three subsectors, namely those for light-duty vehicles of less than 7 t, medium-duty vehicles of between 7 and 16 t and heavy-duty vehicles of over 16 t. In general, vehicles of over 16 t are used to carry bulky or high-volume goods over long distances or heavy goods over short distances. Vehicles over 16 t mainly operate in international transport markets. Vehicles of less than 16 t are used for final deliveries, for instance from a central distribution facility to retailers over short***

***Deleted***

<sup>1</sup> OJ C 291 E of 26.11.2002, p. 221.

***and medium distances. There is no real possibility of substituting any of those categories of vehicle for another either on the supply or on the demand side of the three markets.***

*Justification*

*Amendment is linked to amendments to Article 1, subparagraph 2 and 4.*

Amendment 2  
Recital 11

(11) Member States ***introducing road infrastructure charging in conformity with Community legislation should be authorised, under fiscal control, to apply different rates of excise duty to fuels. Such measures should not be discriminatory and should not exceed the amount of additional costs internalised, and the applicable Community minimum rate should be respected.***

(11) Member States ***which are obliged to reduce diesel taxes on commercial vehicles in accordance with this proposal should introduce a infrastructure charging system. The European Commission should provide the legal framework for such a charging system applying the principles of user pays and the internalisation of external costs of transport.***

***For policy consistency, this diesel tax proposal should be reviewed in light of the expected transport infrastructure charging directive.***

*Justification*

*It is essential that those Member States that under this directive will have to decrease their excise duties on diesel fuel to the Community level make up for losses of environmental cost internalisation and of revenue by correspondingly increasing road charges. For the coherence of Community policies and objectives, links between this directive and the expected transport infrastructure charging proposal must be clear. Hence this directive may be amended according to the effects of the future road charging directive.*

Amendment 3

Recital 11 a (new)

***(11a) The emissions of greenhouse gases from the EU transport sector increased by***

**19 % between 1990 and 1999; the EEA estimates that they will go up by a further 28 % until 2010, jeopardising the fulfilment of the overall EU Kyoto target in spite of improvements in other economic sectors.**

*Justification*

*Transport contributes 21% of total EU greenhouse gases emissions and is the fastest growing emitter. Hence the importance of a greater internalisation of environmental costs through a greater use of economic instruments and price signals in order to stop the growth of transport.*

Amendment 4  
Recital 14

***(14) Generally speaking, the environmental costs of petrol have been internalised more thoroughly than those of diesel fuel, mainly because taxes on diesel fuel are lower than those on petrol. A better balance between petrol and diesel fuel needs to be achieved.***

***(14) Taxes on diesel fuel are lower than those on petrol. A better balance between petrol and diesel fuel needs to be achieved as well as more thorough internalising of the environmental costs of transport in fuel prices.***

*Justification*

*Generally speaking, financial measures designed to influence people's habits – whether they take the form of taxes, emission charges or subsidies – can be regarded as effective if the price incentives they comprise are capable of bringing about environmentally more responsible behaviour. In many Member States, the higher rates of excise on petrol in comparison with diesel have not been deliberately designed to provide such an inducement, and they do not therefore genuinely comprise pricing of external impact with ecological objectives. Mostly, the existing higher rates of excise on petrol have been imposed on fiscal grounds.*

Amendment 5  
Recital 14 a (new)

***(14a) The Commission's White Paper "European Transport Policy for 2010: time***

*to decide"<sup>1</sup> stresses the need to tax in the medium term petrol and diesel similarly for all fuel users.*

<sup>1</sup>COM (2001) 370

#### *Justification*

*There is no fiscal, social or environmental justification for the huge tax breaks diesel fuel currently enjoys. For this reason, the Commission aims in the medium term to remedy to the source of inefficiency constituted by these unequal tax breaks.*

#### Amendment 6 Recital 15

(15) The tax arrangements for fuels used for commercial purposes need to be uncoupled from those for fuel used for private purposes, and the most efficient level at which to do so is the Community level.

(15) The tax arrangements for fuels used for commercial purposes need to be **temporarily** uncoupled from those for fuel used for private purposes, and the most efficient level at which to do so is the Community level.

#### *Justification*

*Diesel tax differentiation between commercial and non-commercial vehicles may be necessary in the short term in order to align tax rates of non-commercial diesel to those of petrol. But it should be phased out in the medium term, in line with the Commission's own stated objective (COM (2001) 370).*

#### Amendment 7 Recital 18

(18) Provision should therefore be made for indexing the central Community rate. This would maintain the real value of excise duty rates and ensure that the harmonisation effort is spread equitably.

(18) Provision should therefore be made for indexing the central Community rate. This would maintain the real value of excise duty rates and ensure that the harmonisation effort is spread equitably. ***Other policy targets, such as expected proposals on road pricing and vehicle taxation or the Community's commitment***

*to abate CO<sub>2</sub> emissions, may require that this Directive be reviewed during the transitional period.*

#### *Justification*

*This directive fixes the level of excise for quite a long time. The EU may have other policies and other objectives to which it is felt desirable to assign priority in situations where contradictory effects result: for example, the combined effect of road pricing, vehicle taxes and this directive, or the need to promote other types of vehicle fuels or energy sources may necessitate a review of the tax scales provided for here and the other provisions of the directive.*

#### Amendment 8 Recital 22

(22) In the long run, non-commercial diesel fuel and petrol should be taxed at similar rates at national level, the rates depending on the environmental performance of the fuels and the engines in which they are used. The Community minimum rates of excise duty for non-commercial diesel fuel and unleaded petrol should converge.

(22) In the long run, non-commercial diesel fuel and petrol should be taxed at similar rates at national level, the rates depending on the environmental performance of the fuels and the engines in which they are used, ***as well as the environmental performance of eventual alternative fuels and engines used in traffic***. The Community minimum rates of excise duty for non-commercial diesel fuel and unleaded petrol should converge.

#### *Justification*

*Harmonisation of excise will enhance fuel economy and thus lead to better environmental performance. At the same time it will pave the way for an EU-wide energy and carbon dioxide tax on transport.*

#### Amendment 9 ARTICLE -1 A (new)



## *Article -1a*

### *Objective*

*The objectives of this Directive are:*

- (a) to harmonise throughout Member States excise rates for diesel fuel used for commercial purposes;*
- (b) to align the excise duties on petrol and diesel fuel;*
- (c) to thoroughly internalise cost externalities incurred in traffic; and*
- (d) to serve environmental policies aiming to abate CO<sub>2</sub> emissions in traffic.*

### *Justification*

*The amendment is intended to clarify the directive's aim.*

#### Amendment 10

#### ARTICLE 1, SUBPARAGRAPH 2

Point IIa, Article 8c, point a (Directive 92/81/EC)

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road ***and with a maximum permissible gross laden weight of not less than 16 tonnes;***

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road;

### *Justification*

*Although the Commission's proposal to confine itself to international road haulage here is understandable, it could provide the wrong incentives to professional transport and it conflicts with the white paper on European transport policy for 2010 [COM (2001)370, 12.9.2001].*

Amendment 11  
ARTICLE 1, SUBPARAGRAPH 4  
Point IIa, Article 8e, subparagraph 2 (Directive 92/81/EC)

*The vehicles referred to in the first paragraph are vehicles of less than 16 tonnes of category N2 or N3 as defined in Directive 70/156/EEC.”*

*Delete*

*Justification*

*This amendment is linked to the amendment to Article 8c(a). Although the Commission’s proposal to confine itself to international road haulage here is understandable, it could provide the wrong incentives to professional transport and it conflicts with the white paper on European transport policy for 2010 [COM (2001)370, 12.9.2001].*

Amendment 12  
ARTICLE 2, POINT 3  
Article 5a, paragraph 5 (in Directive 92/81/EC)

5. From 1 January 2003, the minimum rate of excise duty on gas oil used as a propellant, other than commercial gas oil within the meaning of Article 8c of Directive 92/81/EEC (hereinafter “non-commercial gas oil”), shall be EUR **302** per 1 000 litres.

From 1 January 2006, the minimum rate of excise duty on non-commercial gas oil shall be EUR **360** per 1 000 litres.

The minimum rate of excise duty on non-commercial gas oil shall be aligned with that of commercial gas oil where the minimum rate of excise duty on commercial gas oil exceeds EUR **360** per 1 000 litres.

5. From 1 January 2003, the minimum rate of excise duty on gas oil used as a propellant, other than commercial gas oil within the meaning of Article 8c of Directive 92/81/EEC (hereinafter “non-commercial gas oil”), shall be EUR **350** per 1 000 litres.

From 1 January 2006, the minimum rate of excise duty on non-commercial gas oil shall be EUR **409** per 1 000 litres.

The minimum rate of excise duty on non-commercial gas oil shall be aligned with that of commercial gas oil where the minimum rate of excise duty on commercial gas oil exceeds EUR **409** per 1 000 litres.

### *Justification*

*The amendment reiterates the European Parliament's proposal concerning the amount of excise on vehicle fuels adopted in the Cox report (A4 - 15/1999, 13.4.1999) on taxation of energy products (COM (1997)0030), and takes account of the objective of aligning excise on petrol and diesel. (The target figure is € 450 / 1000 litres in 2010.)*

*The amendment also seeks to avert the risk that consumers may not realise soon enough what is the ultimate intended level of prices which are steadily rising over a long period: in the worst case, this could mislead people when taking consumption decisions which will be irrevocable for years (e.g. buying a car). Thus the rate of increase proposed in the amendment during the first three years (6%) is more rapid than the annual price adjustment of 2.5% proposed by the Commission for fuel for professional use. From 2006, the rate of adjustment would be the same for all types of fuel, 2.5%.*

### Amendment 13 ARTICLE 2 A (new)

#### Article 2a

##### ***Review procedure***

***On the basis of experience and taking account of***

- ***trends in competition between the various modes of transport and particularly between private and public transport;***
- ***the balanced development of the regions of the Community;***
- ***changes in the external costs of transport and CO<sub>2</sub> emissions from it;***
- ***the development of fuel, engine and transport technology,***

***and on the basis of experience of subsequent directives on road pricing and taxation of vehicles, the Commission shall submit a report to the European Parliament and the Council, together with any proposals it considers necessary.***

*Justification*

*This directive fixes the level of excise for quite a long time. The EU may have other policies and other objectives to which it is felt desirable to assign priority in situations where contradictory effects result: for example, the combined effect of road pricing, vehicle taxes and this directive, or the need to promote other types of vehicle fuels or energy sources may necessitate a review of the tax scales provided for here and the other provisions of the directive.*

Amendment 14  
ARTICLE 2 B (new)

Article 2b

***In light of the implementation of this directive and of related legislative instruments such as road charging or energy taxation directives, the Commission should submit a proposal for the introduction of an EU-wide CO<sub>2</sub> tax***

*Justification*

*The proposal should contain a recommendation and possibility for the introduction of an EU-wide CO<sub>2</sub> tax. Although petrol is better than diesel in terms of harmful particulates emissions, it produces more CO<sub>2</sub> per kilometre driven. Moreover, the upward harmonisation brought about by this directive and related proposals will facilitate the introduction of such taxes.*

6 May 2003

## **OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY**

for the Committee on Economic and Monetary Affairs

on the proposal for a Council directive amending Directive 92/81/EEC and Directive 92/82/EEC to introduce special tax arrangements for diesel fuel used for commercial purposes and to align the excise duties on petrol and diesel fuel (COM(2002) 410 – C5-0409/2002 – 2002/0191(CNS))

Draftsman: Hans Karlsson

### **PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Hans Karlsson draftsman at its meeting of 8 October 2002.

It considered the draft opinion at its meetings of 28 January 2003 and 30 April 2003.

At the last meeting it adopted the following amendments unanimously.

The following were present for the vote Carlos Westendorp y Cabeza, chairman, Jaime Valdivielso de Cué, vice-chairman, Hans Karlsson draftsman, Konstantinos Alyssandrakis, Per-Arne Arvidsson (for Sir Robert Atkins), Luis Berenguer Fuster, Freddy Blak (for Fausto Bertinotti), Guido Bodrato, David Robert Bowe (for Massimo Carraro), Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Harlem Désir, Concepció Ferrer, Francesco Fiori (for Werner Langen), Norbert Glante, Michel Hansenne, Roger Helmer (for Umberto Scapagnini), Caroline Lucas, Eryl Margaret McNally, Hans-Peter Martin (for Gary Titley), Marjo Matikainen-Kallström, Bill Newton Dunn (for Willy C.E.H. De Clercq), Seán Ó Neachtain, Paolo Pastorelli, Elly Plooij-van Gorsel, John Purvis, Imelda Mary Read, Mechtild Rothe, Christian Foldberg Røvsing, Paul Rübig, Konrad K. Schwaiger, Claude Turmes, Roseline Vachetta, W.G. van Velzen, Alejo Vidal-Quadras Roca, Dominique Vlasto, Olga Zrihen Zaari.

## SHORT JUSTIFICATION

As a matter of fact, different Member States apply different excise duties to diesel fuel and petrol. At the same time various EC regulations have resulted in the gradual liberalisation of the road haulage and passenger transport markets; as a consequence a stiff competition exists in those sectors. Moreover, the large majority of vehicles used in those sectors are fuelled by diesel fuel.

Those vehicles involved in the international transport market can take advantage of a lack of harmonisation in the excise duties, by refuelling in those Member States where taxation on diesel fuel is lower and giving rise, in some case, to a sort of "fuelling tourism". Thus, it is correct to say that the main risk of distortion of competition created by different rates of excise duty on diesel fuel is on the international transport market. The draftsman agrees that a gradual alignment of the rates of excise duty for commercial diesel fuel is necessary in order to reduce distortion of competition in the now liberalised markets.

The draftsman agrees with the proposal for aligning the rates for diesel fuel used for commercial purposes with a view to their harmonisation in the medium term. In particular, he appreciates the approach of setting a central Community rate with a gradually narrowing fluctuation band on either side. However he believed that convergence of the rates should be faster than proposed by the Commission, also in view of the EU enlargement. He proposes that complete alignment of rates of excise duty on commercial gas oil should be achieved by 1 March 2007, more than by 1 March 2010. He also proposes that the upper and lower limits of the fluctuation band shall be linearly adjusted, from 1 January 2003 to 1 March 2007.

It is appropriate to index such central Community rate, in order to take inflation into account, according to the consumer price index. However, if an inflation rate exceeding 2.0% is foreseen, the maximum correction should be limited to 2.0%, being the ceiling of 2.5% proposed by the Commission too weak. The draftsman believes that in this way the risk of creating a vicious circle on inflation is more limited.

Concerning the definition of commercial gas oil, the draftsman agrees that it should mean that used as a fuel for vehicles involved in international transport markets. However he believes that the identification of such vehicles strictly with those with a maximum permissible gross laden weight of not less than 16 tonnes is rather restrictive and unfair. Taking into account that the commercial vehicle sector breaks down into three subsectors, he proposes to extend the definition of commercial gas oil should to that used as a fuel for vehicles with a maximum permissible gross laden weight of not less than 7 tonnes, provided that they are actually used for cross border transport.

## AMENDMENTS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

## Amendment 1

## RECITAL 8

(8) The commercial vehicle sector breaks down into three subsectors, namely those for light-duty vehicles of less than 7 t, medium-duty vehicles of between 7 and 16 t and heavy-duty vehicles of over 16 t. In general, vehicles of over **16 t are used to carry bulky or high-volume goods over long distances or heavy goods over short distances. Vehicles over 16 t mainly** operate in international transport markets. **Vehicles of less than 16 t are used for final deliveries, for instance from a central distribution facility to retailers over short and medium distances. There is no real possibility of substituting any of those categories of vehicle for another either on the supply or on the demand side of the three markets.**

(8) The commercial vehicle sector breaks down into three subsectors, namely those for light-duty vehicles of less than 7 t, medium-duty vehicles of between 7 and 16 t and heavy-duty vehicles of over 16 t. In general, vehicles of over 7 t **may** operate in international transport markets.

*Justification*

*Commercial gas oil should mean that used as a fuel for vehicles involved in international transport markets. The identification of such vehicles strictly with those with a maximum permissible gross laden weight of not less than 16 tonnes is rather restrictive and unfair. Taking into account that the commercial vehicle sector breaks down into three subsectors, it is more appropriate to extend the definition of commercial gas oil to that used as a fuel for vehicles with a maximum permissible gross laden weight of not less than 7 tonnes, provided that they are actually used for cross border transport.*

## Amendment 2

## ARTICLE 1, ARTICLE 8C, LETTER A)

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road and with a maximum permissible

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road and with a maximum permissible

<sup>1</sup> OJ C 291, 26.11.2002, p. 221.

gross laden weight of not less than **16** tonnes

gross laden weight of not less than **7** tonnes

*Justification*

*Commercial gas oil should mean that used as a fuel for vehicles involved in international transport markets. The identification of such vehicles strictly with those with a maximum permissible gross laden weight of not less than 16 tonnes is rather restrictive and unfair. Taking into account that the commercial vehicle sector breaks down into three subsectors, it is more appropriate to extend the definition of commercial gas oil to that used as a fuel for vehicles with a maximum permissible gross laden weight of not less than 7 tonnes, provided that they are actually used for cross border transport.*

Amendment 3

ARTICLE 1, ARTICLE 8E, 2ND PARAGRAPH

The vehicles referred to in the first paragraph are vehicles of less than **16** tonnes of category N2 or N3 as defined in Directive 70/156/EEC.”

The vehicles referred to in the first paragraph are vehicles of less than **7** tonnes of category N2 or N3 as defined in Directive 70/156/EEC.”

*Justification*

*Commercial gas oil should mean that used as a fuel for vehicles involved in international transport markets. The identification of such vehicles strictly with those with a maximum permissible gross laden weight of not less than 16 tonnes is rather restrictive and unfair. Taking into account that the commercial vehicle sector breaks down into three subsectors, it is more appropriate to extend the definition of commercial gas oil to that used as a fuel for vehicles with a maximum permissible gross laden weight of not less than 7 tonnes, provided that they are actually used for cross border transport.*

Amendment 4

ARTICLE 2, ARTICLE 5A, INDENT 3, 2ND PARAGRAPH

If the European consumer price index for the previous year, or forecasts for the current year, indicate an inflation rate exceeding **2.5%**, the maximum correction shall be **2.5%**.

If the European consumer price index for the previous year, or forecasts for the current year, indicate an inflation rate exceeding **2%**, the maximum correction shall be **2%**.



### *Justification*

*It is appropriate to index the central Community rate, in order to take inflation into account, according to the consumer price index. However, if an inflation rate exceeding 2.0% is foreseen, the maximum correction should be limited to 2.0%, being the ceiling of 2.5% proposed by the Commission too weak. In this way the risk of creating a vicious circle on inflation is more limited.*

3 March 2003

## **OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM**

for the Committee on Economic and Monetary Affairs

on the proposal for a Council directive amending Directive 92/81/EEC and Directive 92/82/EEC to introduce special tax arrangements for diesel fuel used for commercial purposes and to align the excise duties on petrol and diesel fuel (COM(2002) 410 – C5-0409/2002 – 2002/0191(CNS))

Draftsperson: Brigitte Wenzel-Perillo

### **PROCEDURE**

The Committee on Regional Policy, Transport and Tourism appointed Brigitte Wenzel-Perillo draftsperson at its meeting of 8 October 2002.

It considered the draft opinion at its meetings of 21 January 2003 and 18 February 2003.

At the last meeting it adopted the following amendments by 43 votes to 5, with 1 abstention.

The following were present for the vote: Rijk van Dam acting chairman; Gilles Savary vice-chairman; Brigitte Wenzel-Perillo draftsperson; Emmanouil Bakopoulos, Rolf Berend, Philip Charles Bradbourn, Luigi Cocilovo, Gerard Collins, Christine de Veyrac, Jean-Maurice Dehousse (for Ulrich Stockmann), Jan Dhaene, Garrelt Duin, Alain Esclopé, Giovanni Claudio Fava, Jacqueline Foster, Mathieu J.H. Grosch, Catherine Guy-Quint (for Danielle Darras), Konstantinos Hatzidakis, Ewa Hedkvist Petersen, John Hume, Juan de Dios Izquierdo Collado, Georg Jarzembowski, Dieter-Lebrecht Koch, Giorgio Lisi, Nelly Maes, Sérgio Marques, Emmanouil Mastorakis, Erik Meijer, Rosa Miguélez Ramos, Francesco Musotto, James Nicholson, Camilo Nogueira Román, Josu Ortuondo Larrea, Wilhelm Ernst Piecyk, Samuli Pohjamo, Bernard Poignant, Alonso José Puerta, Reinhard Rack, Carlos Ripoll y Martínez de Bedoya, Ingo Schmitt, Renate Sommer, Per Stenmarck, Dirk Sterckx, Margie Sudre, Joaquim Vairinhos, Kathleen Van Brempt (for Brian Simpson pursuant to Rule 153(2)), Herman Vermeer, Kyösti Tapio Virrankoski (for Isidoro Sánchez García pursuant to Rule 153(2)) and Mark Francis Watts.

## SHORT JUSTIFICATION

### I. Substance of the Commission proposal

The Commission proposal amends Directive 92/81/EEC by laying down the conditions for the tax treatment of diesel fuel used for commercial purposes. Directive 92/82/EEC refers thereto.

Under the proposal, 'commercial gas oil used as a propellant' ('commercial diesel fuel') is defined as gas oil used as a fuel for the following commercial purposes:

- (a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road and with a maximum permissible gross laden weight of not less than 16 tonnes;
- (b) the carriage of passengers, whether by regular or occasional service, by a motor vehicle of category M2<sup>1</sup> or category M3<sup>2</sup>, as defined in Directive 70/156/EEC.

In addition, the Commission proposal introduces a central rate of excise duty for commercial diesel fuel of EUR 350 per 1 000 litres from 1 January 2003. The actual rates applied by the Member States must be kept within a fluctuation band around this rate. The fluctuation band will be gradually narrowed over time with a view to achieving harmonisation of excise duty rates for commercial diesel fuel by 2010 (see Annex). From 1 January 2003 the fluctuation band will be plus or minus EUR 100. From 3 March 2010, rates will no longer be permitted to deviate from the central rate. For diesel fuel other than commercial diesel fuel within the meaning of the above definition, the proposal sets a minimum rate of excise duty of EUR 302 per 1 000 litres from 1 January 2003 and of EUR 360 per 1 000 litres from 1 January 2006.

The proposal for a directive essentially has two objectives. Firstly, the tax arrangements for fuel used for commercial purposes are to be uncoupled from those for fuels used for private purposes. This would make it easier for Member States to increase the excise duty on diesel fuel used for private purposes to bring it into line with the excise duty levied on petrol. The Commission also considers that the rate of excise duty charged on non-commercial diesel fuel in the Member States should not be less than that charged there on commercial diesel fuel.

Secondly, excise duties on commercial diesel fuel are to be increased and harmonised in order to avoid distortion of competition between operators and to prevent the detours which hauliers at present frequently make and which have a negative impact on the environment.

---

<sup>1</sup> Category M2: Vehicles used for the carriage of passengers, comprising more than eight seats in addition to the driver's seat, and having a maximum weight not exceeding 5 tonnes.

<sup>2</sup> Category M3: Vehicles used for the carriage of passengers, comprising more than eight seats in addition to the driver's seat, and having a maximum weight exceeding 5 tonnes.

## **II. Conclusions**

### **a. General conclusions**

The Commission proposal is essentially to be welcomed. Parliament has always encouraged and supported measures the purpose of which is to open up markets and to bring about fair competition. To that end, harmonisation of tax in the road haulage sector represents a step in the right direction.

In the process of forming an opinion, the draftsman has held intensive discussions with representatives of the freight transport sector and environmental organisations. On the basis of these contacts, the following conclusions may be drawn:

- The lack of harmonisation of excise duty rates is not the only cause of distortion of competition in the transport sector. Differences still exist in the area of working time and driving time for drivers. Existing directives and regulations will not have an effect until there are arrangements for effective monitoring of these measures. In addition, there are significant tax disparities in the area of non-wage labour costs that should also be eliminated.

- In this connection, it is also enormously important that graduated charges are levied for transport infrastructure use. The Commission has announced on the number of occasions that it will be presenting a framework directive on infrastructure charging. Our Committee adopted a clear position on this issue in its recent report on the White Paper on transport policy, welcoming 'the announcement by the Commission that it will be presenting a proposal for a framework directive this year on the levying of infrastructure charges for all modes of transport, taking account of the external costs of use of each mode of transport' and stressing that it 'regards the fair allocation of external costs for each mode of transport as a key element of a sustainable transport policy both from the point of view of fair competition between the individual modes of transport and from the point of view of effective environmental protection'.

- It is, therefore, not possible to address the problem of distortion of competition in the transport sector simply by means of individual measures such as those laid down in the directive in question. It is necessary to develop an overall approach that takes account of the above aspects.

### **b. Specific conclusions**

- Despite their different viewpoints, representatives of the road haulage sector and representatives of environmental organisations agree on one thing. The threshold of 16 tonnes proposed by the Commission in order to define 'commercial purposes' is an arbitrary one and is not in keeping with the distinction normally made between private vehicles and commercial vehicles on the basis of the 3.5 tonne limit. On the basis of the different tax rates, it is likely that vehicles with a weight of just over 16 tonnes will replace those with a weight of, for example, between 12 and 16 tonnes. Lower tax rates for vehicles with a weight of over 16 tonnes would only result in distortion of competition. For that reason, a 3.5 tonne limit should be introduced in order to clearly differentiate commercial from private transport.

- In addition, the Commission should be asked to present a report, five years after the entry

into force of this directive, examining the impact of this measure, in particular in the light of the situation which will arise following enlargement. Given the special situation of the candidate countries, the Commission is proposing transitional arrangements which should apply until 2012, and it should also be required to give its assessment of the impact of this measure. The prospect of enlargement to the east and the accession of new Member States in 2004 and the process of globalisation should not allow us to close our eyes to the fact that the integration of eastern Europe is something that will take more than just a few years to achieve, that growth in traffic cannot be separated from economic growth and that outlying regions will be adjoined to the economically strong central region of Europe, which will increase the amount of transport over above-average distances.

## AMENDMENTS

The Committee on Regional Policy, Transport and Tourism calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission<sup>1</sup>

---

Amendments by Parliament

---

Amendment 1  
Recital 2a (new)

***(2a) The White Paper on “European transport policy for 2010” sets the objective of attributing to all three modes of transport (road, rail and inland waterways) the costs of infrastructure use.***

Amendment 2  
Recital 24a (new)

***(24a) Five years following the entry into force of this directive, the Commission should present to the European Parliament and the Council a report assessing the impact of this measure, in particular in the light of enlargement.***

***This report should specifically include external factors such as non-wage labour costs; working time; insurance; road tax.***

### *Justification*

*The Commission should be required to give its assessment of the impact of this measure. In*

---

<sup>1</sup> OJ C 291, 26.11.2002, p. 221.

*order to achieve a balanced view, then external costs must be taken into account where measurable.*

Amendment 3  
ARTICLE 1, INTRODUCTORY SENTENCE  
IIa, Article 8c, point (a) (Directive 92/81/EEC)

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road and with a maximum permissible gross laden weight of not less than **16** tonnes;

(a) the carriage of goods for hire or reward, or on own account, by motor vehicles or articulated vehicle combinations intended exclusively for the carriage of goods by road and with a maximum permissible gross laden weight of not less than **2,5** tonnes;

*Justification*

*The threshold of 16 tonnes proposed by the Commission in order to define 'commercial purposes' is an arbitrary one. On the basis of the different tax rates, it is likely that vehicles with a weight of just over 16 tonnes will replace those with a weight of, for example, between 12 and 16 tonnes. Lower tax rates for vehicles with a weight of over 16 tonnes would only result in distortion of competition. For that reason, a 2.5 tonne limit should be introduced.*

Amendment 4  
ARTICLE 1, INTRODUCTORY SENTENCE  
IIa, Article 8e, paragraph 2 (Directive 92/81/EEC)

The vehicles referred to in the first paragraph are vehicles *of less than 16 tonnes* of category N2 or N3 as defined in Directive 70/156/EEC."

The vehicles referred to in the first paragraph are vehicles of category N2 or N3 as defined in Directive 70/156/EEC."

*Justification*

*Follows logically from amendment 3.*

Amendment 5  
ARTICLE 2A (NEW)

*Article 2a*

*Five years following the entry into force of this directive, the Commission shall present to the European Parliament and the Council a report assessing the impact of this measure, in particular in the light of enlargement.*

*This report should specifically include external factors such as non-wage labour costs; working time; insurance; road tax.*

*Justification*

*The Commission should be required to give its assessment of the impact of this measure. In order to achieve a balanced view, then external costs must be taken into account where measurable.*

Amendment 6  
ARTICLE 2B (NEW)

*Article 2b*

*The Commission shall shortly present a proposal relating to infrastructure charging for all three modes of transport (road, rail and inland waterways) considered in conjunction with each other, with a timetable.*

Amendment 7  
ARTICLE 3

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than **31 December 2002**. They shall inform the Commission thereof forthwith.

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than **31 December 2003**. They shall inform the Commission thereof forthwith.

*Justification*

Self-explanatory.