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EU considers energy taxes to counter climate change

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HELSINKI (Reuters) - The European Union is considering new energy taxes, including on the aviation sector, to meet its climate targets, top officials said on Friday, with Germany calling for “drastic steps” to reduce carbon emissions.

FILE PHOTO: French Finance Minister Bruno Le Maire delivers a speech at the MEDEF union summer forum renamed La Rencontre des Entrepreneurs de France, LaREF, at the Paris Longchamp Racecourse in Paris, France, August 28, 2019. REUTERS/Benoit Tessier

Over the last decade, EU countries have led a global shift towards renewable energy and set up the world's largest emissions trading system to price carbon and reduce reliance on more polluting fuels.

However, the bloc's rules on energy taxation have not changed for more than 15 years.

They are "outdated and poorly adapted to climate change challenges and developments in energy policy at EU level", according to a document that EU finance ministers will discuss at meetings in Helsinki on Friday and Saturday.

French Finance Minister Bruno Le Maire pointed the finger at the treatment reserved for the EU aviation sector, which benefits from tax exemptions and other waivers to compete with non-EU airlines.

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He said the sector should contribute more to fight climate change "either with taxes or with the purchase of more allowances" from the EU emissions trading system.

At the same meeting, German finance minister Olaf Scholz said drastic steps were needed to counter climate change and urged an international approach on the matter.

"We are in the process of finding out how we can limit CO2 consumption in agriculture, small businesses or transport," Scholz said.

The bloc's top economic commissioner, Valdis Dombrovskis, told reporters that options also included a carbon tax and an overhaul of energy taxation.

Among possible measures listed in a document prepared by the Finnish presidency of

the EU are higher minimum tax rates on energy, fossil fuel levies and the end of waivers for the air and sea transport sectors.

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Ambitious targets for reducing carbon emissions by at least 50% by 2030 are part of the agenda of the new European Commission which will take office in November.

A confidential work programme prepared in July by Commission officials before the appointment of the commission's president-designate Ursula von der Leyen envisages legislative proposals to end tax exemptions for air and sea transport by early 2020 and a review of minimum tax rates on energy products by the end of next year.

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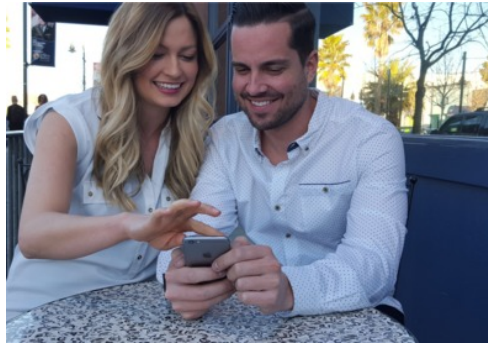
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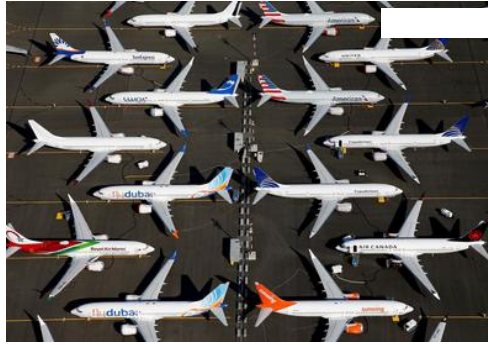


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