

MWV Position on Climate Protection in Transport

All member companies of the MWV (German Association of the German Petroleum Industry) **welcome the Paris Agreement on Climate Protection** and the related targets for reducing greenhouse gas emissions in all sectors. We want and can make **a constructive contribution to achieving the goals** with renewable and climate-friendly fuels.

Numerous studies come to the conclusion that liquid fuels and raw materials are also needed in the long term in substantial quantities. The development and market ramp-up of renewable and climate-friendly fuels is therefore a necessary measure to achieve the climate goals. Various **climate-friendly technologies** are available that can be integrated into existing infrastructures and value chains:

- The use of renewable or climate-friendly hydrogen in the fuel production in refineries
- The Co-processing of residual and waste materials in refineries
- New advanced biofuels based on residual and waste materials
- Electricity-based fuels (e-fuels)

From the point of view of the oil industry, **the regulatory framework must now be adjusted** so that a significant market development of these products can start soon. It is important to ensure that all measures to support climate-friendly mobility and heat achieve transparency about the associated costs. **A cross-subsidization of different energy sources among each other is rejected.** The principle must be that the user of an energy source also has to bear the corresponding costs.

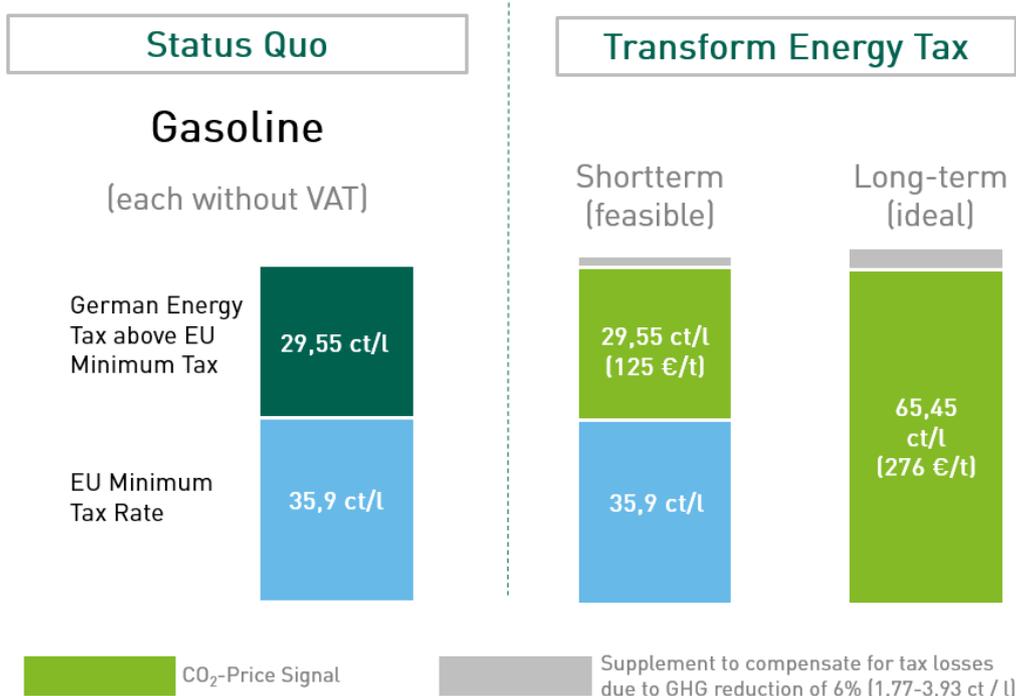
REPLACING ENERGY TAX BY CO₂-PRICE

The petroleum industry expressly **supports the introduction of a CO₂ price.** The MWV calls for the transformation of energy taxes into **a CO₂ pricing system** (eg. as a CO₂ tax or through a separate emissions trading system). For this, the necessary **legal framework must be created.** As a first step, energy tax rates on fuels should be reduced to EU minimum tax rates and the remainder should be transferred to a carbon price neutral to revenue.

This **creates a strong but socially acceptable CO₂ price signal in the short term.** We support a corresponding amendment to the EU Energy Taxation Directive, so that CO₂ emissions from transport fuels will be used as basis of taxation. Such a model would create investment incentives and thus support a market ramp-up of renewable fuels.

At the same time excessive burdens for consumers are avoided.

Proposal for a change in fuel taxation using the example of gasoline



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In case the transition from the current energy taxation to a CO₂ pricing system generates additional government revenues, it should be used predominantly to reimburse citizens and, moreover, should be used to promote climate protection in transport and building sectors.

KEEP AND FURTHER DEVELOP GHG QUOTE (for admixture low carbon liquid fuels)

The mineral oil industry **demands rapid implementation of the Renewable Energy Directive (RED II)** with comprehensive compliance options. In addition to a transformation of energy taxation into a CO₂ pricing system, Germany's well-proven principle of greenhouse gas reduction obligations for suppliers of fuels should be maintained. Ambitious, but still achievable from today's perspective, reduction rates can help to support the market ramp-up of renewable fuels.

PROMOTING FIRST PRODUCTION PLANTS FOR RENEWABLE FUELS

Currently, advanced renewable fuels are only produced in relatively small plants. Therefore, for the first large-scale production plants, **substantial government support, e.g. via tendering procedures, are required**. In order to further boost the market uptake of advanced renewable fuels, car and truck manufacturers' **CO₂ fleet targets should allow these fuels to be eligible** if they are not also credited towards the greenhouse gas reduction commitments of the petroleum industry.