

## **COPA AND COGECA'S FEEDBACK ON THE PUBLIC CONSULTATION ON THE REVISED CLIMATE, ENERGY AND ENVIRONMENTAL AID GUIDELINES**

Copa and Cogeca would like to provide feedback on the draft revised Climate, Energy and Environmental Aid Guidelines in particular those regarding biofuels and horticulture in line with their contributions to previous consultations.

On biofuels, Copa and Cogeca regret the deletion of the guideline regarding state aid for investments, namely investment aid to convert crop-based biofuel plants into advanced biofuel plants based on RED II annex IX feedstock. Copa and Cogeca welcome the continuation of operating aid and the alignment of the proposed guidelines 76, 77 and 96 regulating state aid granted to biofuels with RED II provisions. However, the proposed guideline 76 overlooks the fact that the provision regulating high ILUC-risk biofuels (RED II-art.26) is not in the same article as the sustainability criteria (RED II-art.29). In the proposed guideline 77, the reference to “caps” must be clarified, taking into account that RED II also provides for caps on annex IX part B feedstock and on high ILUC-risk biofuels at the 2019 level before the phasing out by 2030.

On horticulture, the horticultural sector is facing major challenges to shoulder the energy transition and climate action and to pursue the path of decarbonisation. Significant financial resources are needed to make the essential investments. The following rules on aid are especially relevant for horticulture: Aid for the reduction and removal of greenhouse gas emissions including through support for renewable energy (section 4.1); Aid in the form of reductions in taxes or para-fiscal levies (section 4.7); and Aid in the form of reductions from electricity levies for energy-intensive users (section 4.11).

The draft text includes at various points the reference that investments in measures based on natural gas only reduce greenhouse gas emissions in the short run and in the long term have negative environmental effects compared to alternative investments (among others section 4; 110). It is, however, also true that especially for many SMEs highly efficient gas-powered installations are an important bridge technology, which make significant emission reductions possible while on the road to alternative techniques. They should therefore not be excluded from support in general.

On section 4.7, Copa and Cogeca welcome the fact that for eligibility from now on no listing of the sectors in the annex to these guidelines is intended. Otherwise, it should be pointed out that the four-digit NACE codes do not allow a clear differentiation between horticultural and agricultural crops. Floriculture crops, for example, are combined with other annual plants, including fodder maize or swede. The alternative PRODCOM classification cannot be used to describe horticulture because it only pools industry sectors.

The proposed guideline 261 states that the aid should be restricted to the undertakings that are most affected by higher taxes. This approach overlooks the fact that SMEs are also hit hard by a higher CO<sub>2</sub> pricing. An aid that guarantees relief and that leads to further investments in energy efficiency and in renewable energy urgently needs to be open to a wider range of undertakings, such as the greenhouse horticulture sector.

In previous consultations, Copa and Cogeca have suggested reducing the “electro-intensity” threshold from 20 % to a maximum of 15%. In the EU, the horticulture sector (NACE 4-sector) as a whole has a trade intensity of at least 4% according to a report on EU trade intensity assessment for horticulture products provided by Ecofys in 2014. EU-wide, the horticulture sector (NACE 4-sector) as a whole could demonstrate an electro-intensity of at least 10%.

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