

Stockholm, July 8 2021

The Confederation of Swedish Enterprise's opinion of the European Commission's proposal for revised guidelines for State Aid for Climate, Environmental Protection and Energy 2022

The Confederation of Swedish Enterprise presents herewith its view of the European Commission's proposal for revised guidelines for State Aid for Climate, Environmental Protection and Energy 2022

Introduction

The Confederation of Swedish Enterprise wishes to begin by emphasising the importance of these guidelines and the associated provisions of the General Block Exemption Regulations (GBER). These set the framework for Member State to create opportunities to stimulate green investments and tax systems that can enable the combination of an ambitious climate policy and sustained competitiveness for European industry.

In the context of an earlier public consultation, in which the European Commission asked for proposals for changes to the existing guidelines, the Confederation submitted the following comments. We welcome the Commission's general approach to broadening the application of the guidelines. This will provide greater clarity and predictability in how the Commission assesses the compatibility of State Aid for a wider range of purposes. More specific comments follow below.

State Aid in the form of tax reductions or parafiscal charges

The possibility of reduced taxes or parafiscal charges for industry is a prerequisite for combining high climate ambitions through high general energy tax rates, while safeguarding industrial competitiveness and avoiding carbon leakage. It is therefore of the utmost importance that these potential exemptions are not undermined or made more complicated.

The current guidelines foresee, in points 172-174, the possibility for the European Commission to apply a "simplified approach" to the assessment of Aid in the form of environmental taxes if these are harmonised. However, as far as Confederation of Swedish Enterprise understands it, where such a situation has arisen, Article 44 of the GBER has been applied. Although a reference to the GBER in the guidelines is not necessary for it to be invoked, the Confederation would nevertheless like to draw attention to the issue, and

point out the importance of ensuring that the opportunities for Member States to apply these exemptions are not restricted in practice.

Use of competitive tendering

A competitive tendering procedure is a good way to determine the additional cost that the State Aid can cover. At the same time, the Confederation of Swedish Enterprise believes that it is useful that there are ways of calculating the additional costs even when a tender procedure is not appropriate or possible. In many cases, there can be great uncertainty over future cost and revenue developments. Therefore it is good that, in paragraph 53, the European Commission is open to compensation models that are not based entirely on prior regulation, so that Member States are provided with a degree of flexibility in how the Aid is designed.

Technology-neutral instruments for biofuels

The use of biofuels will be an important part of the transition to a fossil-free economy. It is therefore important that biofuels can continue to compete on a level playing field in the European market.

Use of public consultation

Public consultation can be a valuable way of allowing industry to inform policy makers about the design of support schemes that best stimulate welcome developments while minimising the impact on competition. However, the Commission's requirements for mandatory consultation in, for example, chapters 4.1 and 4.8, are too rigid, and do not provide Member States with sufficient flexibility; this may lead to unnecessary delays in the introduction of measures.

It is essential that the views of stakeholders are brought to the attention of policy makers; this is something that can be done in a number of ways. The wording in paragraph 88, for example - that alternative methods of consultation could only be accepted in exceptional cases - should be relaxed.