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Public Consultation: Position on Draft Guidelines on State Aid for climate, environmental protection and energy 2022 (CEEAG), especially chapter 4.11

Thank you for the possibility to comment the Draft Guidelines on State Aid for climate, environmental protection and energy 2022. Our company is part of the German brick and roof tile industry (NACE 23.32: Manufacture of bricks, tiles and construction products, in baked clay). NACE 23.32 is no longer included in Annex 1 of the draft CEEAG.

In our sector, electricity plays an important role in production and will play an increasing and central role in the decarbonisation process. This demonstrates our new “Roadmap for a greenhouse gas neutral brick and roof tile industry in Germany” (2021). The English summary can be found here, the full version (only in German) here. The electricity consumption of the German brick and roof tile industry will rise from 0.5 TWh in 2020 to 1.4 TWh (only green electricity) in 2050. This decarbonisation path, including our large investment in carbon neutral technologies of 2.3 billion €, is put at risk with the draft CEEAG.

The changes proposed by the Commission will increase the electricity costs for the German brick and roof tile industry dramatically. The new Annex 1 would lead to additional costs of 2000 Euro per workplace in the German brick and roof tile industry. This will hamper the decarbonisation process and lead to massive cost disadvantages within and outside the EU market.

That is why we see the new chapter 4.11 very critical. Therefore, and in the context of our engagement in a carbon neutral production, we propose the following changes.

1. List of eligible sectors under Section 4.11 (Annex 1): keep Annex 3 as in the current state aid guidelines

The Commission sets out new criteria, which lead to a massive cut of eligible sectors. NACE 23.32 is not included in Annex 1 of the draft CEEAG. We strongly believe that the 20% trade intensity is too high and not appropriate to determine the burden caused by renewable energy costs and the consequences for the decarbonisation process.

Further, the electro-intensity will increase in the coming years. Retrospective figures cannot reflect this development.

We propose to keep the current Annex 3 of the existing State Aid Guidelines.

2. No cut in aid intensity (No. 359)

Further, the Commission plans to cut the total aid intensity from 85% to 75%. This would increase the electricity costs and would lead to less investment in decarbonisation projects, as outlined in the roadmap of the German brick and roof tile industry.

We propose to keep the current state aid intensity of 85%.

3. No investment rules as precondition for state aid (No. 365)

Chapter 4.11 wants to set a level playing field for industry. In our understanding does a level playing field not include investment rules, as described in No. 365. Competitors in third countries don't have such investment rules.

The German brick and roof tile industry is committed to become climate neutral in 2050 but investment decisions don't follow the rules as laid out in No. 365. Often there are large investments at a certain time and not continuous measures each year.

We therefore ask to keep the current rule.

We believe that the CEEAG can set a level playing field for state aid for climate, environmental protection and energy. The Commission set ambitious targets for decarbonisation with the Green Deal. The German brick and roof tile industry is committed to become climate neutral in 2050 at the latest. For this, we need stable framework conditions until 2030 / 2050. With our proposed changes, we are ready to go down the path described in the Roadmap.

Yours sincerely,

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