



## **FILMM response to the European Commission public consultation on the proposed Climate, Energy and Environmental Aid Guidelines**

FILMM, representing French's mineral wool insulation manufacturers, welcomes the Commission's initiative to update the EU's state aid guidelines in the field of climate, energy and environment.

The French mineral wool industry fully supports the comments already produced by EURIMA.

Ours members would like to underline even more the question of identifying industrial sectors for an efficient and targeted management of European measures intended to improve sustainable development in Europe.

The issue of NACE codes is not new since it has already arisen for the ETS Directive.

Recognising the shortfalls of using heterogeneous NACE codes to define a sector's exposure to risks of carbon leakage, the Commission has already opted for a subsector evaluation at PRODCOM level in case of heterogeneous NACE codes under the ETS Directive. The same principle should be applied under the proposed State Aid Guidelines.

Whilst both stone and glass wool meet the eligibility criteria outlined in the draft guidelines when evaluated at PRODCOM level, only one part of the mineral wool sector is deemed eligible when the same assessment is carried out at NACE code level, due to the composition of NACE 23.99, which includes several activities with highly varying levels of trade- and electro-intensity. This is causing a serious distortion of competition and goes against the intention of the guidelines.

In the mineral wool production process, electricity is an important energy source, and its share of total energy use is only set to grow as more plants opt for electrification to decarbonise the production process. During this transition, state aid will play a crucial role in helping European companies achieve their decarbonisation objectives whilst retaining competitiveness in global markets

In order to address this distortion, **FILMM asks the Commission to adjust the draft text in section 4.11.3.1 to allow a subsector evaluation at PRODCOM level in case of heterogeneous NACE codes.** This would allow for NACE code 23.99 to be disaggregated into its constituent parts, with stone wool assessed on its own trade- and electro-intensity, thereby preventing distortions to the functioning of the Single Market.

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