

Competition distortion linked to revision of State Aid in EU Climate, Energy and Environmental Aid Guidelines (CEEAG, reference number HT.5371)

Construction Products Sweden is a business organization for companies and organizations within the construction material industry. Together we organize 1000 companies. The construction material industry in Sweden employs about 53,000 people and has a turnover of around 170 billion SEK.

One of our members is Swedisol, the business organization for the Swedish mineral wool insulation, with an annual turnover of 3 billion SEK. We would like to inform the European Commission about how the mineral wool sector is influenced by the revisions of the Climate, Energy and Environmental Aid Guidelines (CEEAG).

Fit for 55 commitment

To meet the EU 55 percent climate objective until year 2030 it is vital that EU regulations are revised to support the necessary, profound transition of societies, industry, and the business community.

Thermal insulation plays a key role to meet climate objectives by reducing energy use in buildings. Construction Products Sweden is fully dedicated to the construction sector road map for a Fossil Free Sweden, aiming to reduce the climate emissions to at least half by 2030 and to zero by 2045. A key element in the transition is electrification and shift to use of renewable energy in production processes. This will require substantial innovation, investments, and stable framework conditions. Reduced electricity levies for energy intensive industry is a key incentive and enabler in this transition.

Construction Products Sweden welcomes the revision of The State Aid Guidelines to give incentives for this industrial transformation. However, we are concerned about the unfair competition effects the draft new rules would create for e.g. the mineral wool industry.

Market distortion

The proposed revision of the Guidelines for State Aid for Climate, Energy and Environmental protection suggest that electricity levies are based on NACE codes. The mineral wool insulation industry consists of two similar products - glass wool and stone wool - that are categorized in two different NACE codes¹, even though EU have common standards for mineral wool (EN 13162, EN 14303, EN 14064).

When evaluated on sub-sector level² both glass wool and stone wool meet the eligibility criteria for electricity levies, both linked to trade- and electro-intensity. When aggregated with other products in the NACE codes this is however not the case, resulting in market distortion and unfair competition.

¹ Glass wool NACE code 23.14 and stone wool NACE code 23.99

² Glass wool PRODCOM code 23.14.12 and stone wool PRODCOM code 23.99.10

Proposed solution

To secure just and fair market conditions for the mineral wool insulation industry we strongly recommend the EU Commission to solve this technical issue linked to similar products grouped in different NACE codes, by allowing eligibility criteria to be evaluated at subsector level, as has been done linked to other policies as the Emissions Trading System for mineral wool, which is based on sub-sector level data.

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