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Via E-Mail: COMP-CEEAG-CONSULTATION@ec.europa.eu

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Statement on the European Commission's proposal for new guidelines on state aid for climate, environmental protection and energy 2022

Dear Sir or Madam,

we welcome the fact that the European Commission has extended guidelines to include "aid to promote resource efficiency and the transition to a circular economy". The Association of German Metal Traders represents more than 230 members with about 700 locations throughout Germany and Austria. Among them are many companies from the metal recycling sector, which produce high-quality secondary raw materials by processing metals.

In order for recycling companies to continue to fulfil the necessary task of reducing the use of primary raw materials, the following changes, among others, are necessary:

Under point 4.4.2. 192 (a), the eligibility of investments to improve resource efficiency through

(ii) the replacement of primary raw materials or feedstock with secondary (re-used or recycled) raw materials or feedstock

is regulated.

The recycling industry makes an essential contribution in this area, regardless of the material stream. Accordingly, it would be extremely counterproductive if the "recovery of sorted materials" (NACE CODE 38.32 - Recycling) of all things were to be removed from the list of economic sectors eligible for aid under section 4.11. This would mean that the recycling companies concerned would no longer be



eligible to apply for aid, in contrast to the previous regulation, even though they fulfil the criterion of energy intensity. This is incomprehensible when we consider that other sectors of the economy that can be assigned to the manufacture of primary products would still be eligible to apply.

The goal of increasing the use of secondary raw materials in the manufacturing industry is only possible through the upstream recycling industry. The partly energy-intensive processes of the recycling industry are currently and should accordingly continue to be supported by the "Special Compensation Scheme".

Consequently, we call for the re-inclusion of NACE Code 38.32 "Recovery of sorted materials" in the list of eligible sectors under Section 4.11.

In the present draft, the rules on the amount of the EEG limitation have been tightened compared to the old guidelines. While the previous own contribution to the costs of electricity levies was 15 % of the levy, this has now been increased to 25 %. The limitation to the gross value added of the companies concerned was also increased from 0.5 % to 1.5 %.

This represents a drastic increase in electricity costs and is to the detriment of the electricity-intensive companies in the recycling sector and thus equally undermines the intended goal of promoting the circular economy.

In addition, most companies are in direct competition with other companies operating on the global market, which have a major competitive advantage due to lower energy costs, lower wage costs and usually lower environmental standards. The internationally operating companies must be supported here, as otherwise there is a risk of the recycling industry migrating.

We therefore call for the own contribution for electricity levies to remain unchanged at 15 % and the restriction to the gross value added of the companies to 0.5 %.

The procurement of electricity is realised under ecological and economic aspects in the medium to long term. The goal is a stable and calculable electricity price; for this reason, many electricity supply contracts with electricity providers are long-term, and it is not possible to withdraw from them at the end of each current year. Therefore, the requirement in the draft to purchase 30% of electricity from CO2-free sources is not feasible for most companies in view of the short-term introduction of the amendment.



For this reason, we demand the deletion of the requirement to obtain at least 30% of one's own electricity consumption from CO2-free sources.

As regards the requirement to invest a significant proportion of at least 50% of the aid amount in projects that lead to a significant reduction of the installation's greenhouse gas emissions, we are concerned that it could affect the flexibility of the company in implementing its own CO2 saving strategy and investment decision.

Accordingly, we view the requirement critically.

The subsidy is already linked to the introduction of a certified energy management system. However, the implementation of all recommendations of measures with a payback period of less than three years, as planned in the draft, is very difficult, especially in Germany, because DIN EN ISO 50001 or EMAS is a system audit and not an energy reduction audit. This leads to an increase in the workload. This is because the auditor's recommended measures to reduce greenhouse gas emissions would have to be determined and documented with regard to their technical and financial feasibility.

Recommendations made so far have not had a binding character and should not have this character in the future.

Yours sincerely,

Daniel Hoffmann

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