

Competition Policy and Green Deal

DG Competition has published a call for contributions on questions about how competition rules and sustainability policies work together. The aim is to gather the widest set of views possible to determine how the competition rules should be amended (if need be) to help facilitate the transition to a green economy.

Commissioner Margrethe Vestager stated that EU competition policy shall support the European Green Deal and the efforts to make the EU climate-neutral by 2050. All pillars of EU competition policy are covered in this exercise. First, state aid framework, which can help facilitate green investments. Second, antitrust, which can further the European Green Deal objectives by sanctioning, e.g., undue restrictions in the development or roll-out of clean technologies etc. Third, merger control, which seeks to protect the competitive pressure in markets.

It is critical to European companies that the terms of competition within the internal market are not undermined by economic entities benefitting from illegal state aid – either from EU member states or third countries. While the former has already been addressed by the existing EU regulatory framework on state aid, the latter has thus far not been tackled.

EK welcomes the Commission's White Paper on Foreign State Aid. Our comments aim to ensure that the instrument delivers on its objective, its efficient and does not impose an undue burden on companies. We believe that it is precisely by addressing unfair trade practices, that broad support for a liberal trade and investment agenda can be maintained. This is important as trade and investment flows are cornerstones of job creation and prosperity.

Carbon Border Adjustment Mechanism - a highly sensitive measure

The Commission will propose a Carbon Border Adjustment Mechanism (CBAM) for selected industrial sectors by June 2021 as part of the European Green deal.

EK has strong reservation and highlights the need to make a clear assessment of CBAM's disadvantages and benefits. It is an instrument that is politically very risky, complicated, and costly to implement and should be considered only in the most extreme cases where other options for finding a common solution have been exhausted. It is utmost important to use sufficiently time to both impact assessment and coming implementation phase to avoid hasty solution. The EU already has well-functioning tools against the risk of carbon leakage in the EU Emissions Trading Scheme (EU ETS), like free allocation and

indirect compensation. We strongly oppose the Commission's initial idea of replacing these measures with a CBAM.

Major trade policy risks are associated with the carbon border adjustment mechanism. The unilateral introduction of a new CBAM tool would most likely lead to retaliatory measures especially from the EU's biggest trade partners. It is also uncertain whether it is possible to find a CBAM, which would be compatible with WTO rules making the risk of countermeasures by our trading partner even greater. If the EU decides to move with measures that would be clearly against the WTO rules, it would be another major hit for multilateral rules-based trading system.

Finnish businesses on EU recovery funding: The national allocation should be used to accelerate economic renewal

Fair and open competition is the key. The EU must ensure market-based and technology-neutral competition. EU state aid rules must be upheld. We must ensure that companies are able to participate in public procurement by other Member States on the basis of fair and equal rules.

Concluding remarks

We can combine economic reconstruction with investments in the future that support renewal of the European economy. In Finland an obvious investment target is the implementation of low-carbon business road maps while ensuring open and fair competition mechanism which is the backbone of the market economy. Trade policy must be formulated in a way which avoids protectionist tendencies.

Confederation of Finnish Industries EK represents private sector (services and industries), has 24 member associations and 15,300 member companies. We speak for employers of all sizes, from public limited companies to SMEs. Our member companies create jobs and welfare in Finland and are responsible for 2/3 of Finland's export of goods and 2/3 of Finland's R&D expenditure.

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