



Brussels Monday, 09 March 2020

## **CEFS ANSWER TO THE PUBLIC CONSULTATION ON ETS INDIRECT COSTS STATE AIDS GUIDELINES**

### **To whom it may concern:**

CEFS, the association representing EU sugar manufacturers, welcomes the possibility to provide feedback on the revised State Aid Guidelines on ETS indirect costs compensation, released by the European Commission on 14 January 2020. CEFS has thoroughly participated in the first consultation and information collection by the Commission prior to the drafting of the revised Guidelines. Nevertheless, and despite being in the Carbon Leakage List, sugar manufacturing is not one of the eight eligible sectors comprised in the revised Guidelines.

Following the publication of the Green Deal in December 2019, and in light of the planned policy proposals and legislative revisions, it seems that the EU will increasingly encourage electrification of processes. Based on this observation, CEFS would like to ask the European Commission for more flexibility in the establishment of the list of sectors/factories eligible for state aids. Indeed, in the next years, some sectors and factories will electrify their installations. These will be penalised in case they have to wait until the next revision of the Guidelines to take place in 2030, and electrification risks not to happen under the current legal framework for energy and climate issues. CEFS therefore advocates for a more flexible and open list system, in which specific factories (or larger sectors) could apply for eligibility during the new Guidelines period 2021-2030. CEFS believes this would increase factories' willingness to electrify and thereby contribute to the objective of reducing emissions and becoming carbon-neutral. This will also decrease the risk of carbon leakage.

CEFS remains at your disposal, should you have any question.