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Finnish Chemical Industry Federation answer to the public consultation on State Aid: ETS Indirect Cost Compensation

Chemical Industry Federation of Finland (CIFF) supports the Green Deal and Europe's ambition to become climate neutral by 2050. A significant part of this effort will come from electrification, production of hydrogen and implementation of circular economy, including bioeconomy. Removing the indirect cost compensation for the couple of key sectors of the Finnish chemical industry will increase costs compared to today and make achieving the ambition of Green Deal even more challenging.

In transition to climate neutrality and circular economy we shall ensure the competitiveness of our industry. As a part of this process we propose to the Commission to consider in its review of the EU ETS State Aid Guidelines the qualitative assessment of

- NACE 20.11 (Manufacture of industrial gases)
- NACE 20.14 (Manufacture of other organic basic chemicals') for eligibility for indirect cost compensation.
- NACE 20.15 (Manufacture of fertilizers and nitrogen compounds) and mining activities related to fertilizer manufacturing NACE 08.91 (Mining of chemical and fertilizer minerals)

We believe NACE 20.11, 20.14, 20.15 and 08.91 should qualify as eligible for indirect cost compensation in ETS phase IV since fundamentals determining the sector's carbon leakage risks have not changed.

We fully support technical details given by Cefic, Petrochemicals Europe and Fertilizers Europe considering above mentioned NACE codes in their own answers to this public consultation.