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| *Jernkontorets diarienr:* *9920* |
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# Reply to Public Consultation regarding the Revision of the Guidelines of State aid for Environmental protection and Energy (EEAG)

**Overview**

Jernkontoret is representing the steel industry in Sweden, and hereby gives its view on the upcoming revision of the Guidelines, EEAG. Jernkontoret also support the Eurofer contributions on this consultation.

The political ambitions on climate is clear, and the Swedish steel industry is acting on these goals most actively with the highest ambition to deliver considerable emission reductions until 2045. Following this path, the industry is also facing massive needs for investments, partly in totally new technologies, with all the risk embedded in this. In order to make this happen, at the same time as global competition is fierce and all competing countries or regions do not set up the same ambitions for emission abatements, a certain need for state aid will be necessary.

Evaluating the EEAG for a revision, is difficult in the present situation where many central regulations are being under evaluation at the same time. Not least are the connections to the Energy Taxation Directive crucial and must be considered when finalizing this act. Under these circumstances we need to form the EEAG to having the possibility to support the transformation, necessary for reaching the climate goal. Also, the upcoming evaluation of the REDII-directive will be necessary to relate to, as many definitions must be coherent over all legislation.

**Necessary changes in the EEAG**

As technology develops, and industry is looking for new and efficient measures to reach large emission abatements, the regulations in place must be formed to follow these developments. For the nearest future new technologies needs to be included, such as Hydrogen and CCS/CCU. The regulations should not be excluding in describing technologies but should rather be more technology neutral. The EEAG should keep an open approach to technologies and industry applications where large emission reductions are possible.

The EEAG also needs to consider the possibility of using new forms of financing support, such as the now discussed Carbon Contracts for Difference. The construction of such an instrument must be possible to adapt to the special characteristics of the steel industry as an actor with massive possibilities of emission abatements. A most thorough description of this is given by Eurofer in their reply to this consultation.

**Necessities to retain in the EEAG**

The existing EEAG (section 3.7), enables aid in the form of reductions in or exemptions from environmental taxes and in the form of reductions in funding support for electricity from renewable sources. The underlying principle and objective of these provisions is very important and should be retained. The reference to ETD (section 3.7.1 (172)), and a simplified strategy for these taxes is particularly important and should be retained or even extended to give an automatic approval in relation to the EEAG.

European energy intensive industries, as the steel industry, are under the right conditions in a position to take a global lead towards climate neutrality. However, immediate and extensive investment are necessary. At the same time the global competition in these sectors is fierce, and so far, few countries or regions have the same goals or regulations in place. Without the possibility for reductions and exemptions from taxes and levies mentioned, European industry would be placed in a competitive disadvantage risking both industrial investments and carbon leakage.

To succeed and survive, this industry is still in heavy need for cost reductions related to environmental and energy related levies. To keep competitiveness on the global market is crucial during the transition period in order to get necessary investments in place. This is the role reductions of energy charges due to heavy investments in renewables needs to play.

**Jernkontoret**

Bo-Erik Pers Pär Hermerén

*Verkställande direktör Handläggare*