

## **EU Competition Policy supporting the Green Deal**

**The Commission has launched a consultation on EU competition policy and its contribution to achieving the Green Deal. From the point of view of the Chamber of Labour, it is clear that competition law has to be oriented towards a socially just transition to a climate-friendly economic system. This is the only way to achieve broad acceptance for this comprehensive change, which involves all actors and stakeholders.**

The transformation of energy systems to counteract the climate crisis is a global challenge and a tour de force for the economy and society that has to be shaped fairly and just. The climate crisis is not a purely technical issue. In its core, it is a major societal challenge that affects all policy areas. Competition law also has to make its contribution.

### **Competition law as an instrument for a just transition**

As the phasing out of fossil fuels has an impact on the entire economic system, the regulations of competition law have to be used to support a Just Transition. In the sense of a Just Transition, the costs and benefits of climate and energy policies have to be fairly distributed between all societal actors. Instruments such as state aid and antitrust law or merger control have to take not only the interests of companies, but also the interests of citizens, including employees and consumers, into account. Only through the cooperation of all actors it will be possible to ensure the necessary social acceptance. This is an important prerequisite for achieving the ambitious energy and climate targets.

### **Clear and strict rules for state aid are required**

Especially, the system of state aid that can provide essential impulses for achieving energy and climate targets. Therefore, they have to be designed to support the goals of the Green Deal. State aid regulations have to be subject to a precise analysis of their effects. On this basis, the legal bases should be adapted in such a way that they make their contribution to achieving the climate and energy goals. Regulations that prevent or hinder climate goals have to be identified and removed.

An essential component of the transformation is a deep decarbonisation. For instance, the successive phasing out of fossil fuels (coal, oil, natural gas) that guarantee a CO<sub>2</sub>-free energy supply until 2050 and beyond. This process of phasing out will kick-start comprehensive changes in the way we organise production and consumption, how we travel and live. Hence, additional to ecological criteria, social criteria have to be strongly integrated into the design of state aid. Especially, to fight energy poverty and unemployment. That we have to engage more ambitiously in these fights, not only because of the current corona pandemic, but also due to the transformation of our energy systems. To incentivise the creation or maintenance of sustainable, high-quality jobs a "social bonus" has to be introduced.

### **Revising competition rules – preventing climate-damaging subsidies**

In the area of state aid, only exceptions in financing the energy transformation have to be permitted that have a clear and strong positive impact on the fight against the climate crisis (e.g. for public transport or increasing energy efficiency in social housing) or if they are essential for social policy reasons (e.g. the fight against energy poverty and unemployment).

The current guidelines for state aid for environmental protection and energy leave a lot of room for interpretation to the Member States. This led to undesirable developments - not only in terms of climate protection. It also has a negative impact on trade between Member States. For example, by encouraging a [national race for the lowest costs such as network charges](#) for electricity intensive companies. These costs are passed on to private households that pay a bigger share of the costs in relation to the amount of their consumption. A [study commissioned by the Chamber of Labour Austria](#), analysed the distributional effects of energy costs and support this view.

It would therefore be important to allow the current numerous national options for environmental and energy subsidies only in the case that they support ecological or socio-political objectives or if there are proven massive competitive disadvantages of energy-intensive industries compared to third countries.

### **Procedural regulation not only for business interests!**

In 2015, the [EU Commission introduced](#) "individual concern" as a prerequisite for a complaint about state aid. Here, only companies and their associations are defined as "individually affected", which means that the interests of employees and consumers are excluded from consideration. This is not in the spirit of the Green Deal, which

is built on the idea of broad support from all. In the interests of workers and consumers, an appropriate clarification is needed so that they can submit their complaints about subsidies on an equal footing too.

**Broader thinking with regard to merger control**

EU merger control should also take the benefits resulting from the Green Deal into account. Therefore, a macroeconomic, sustainable welfare approach should extend the current applied practice to view consumer benefits only in terms of low prices and product choice. In particular and with regard to a socially just transition Clear scope for action has also be created for antitrust cooperation. Guidelines have to be worked out that frame the options that the competition law can offer to support the goals of the Green Deal. In addition, aspects that hinder the achievement of the goals have to be made explicitly in such a framework of guidelines.

**Further information:**

[AK EUROPA: Increase of financial resources for a more socially just transition – German](#)

[A&W Blog: “Just Transition”: Why climate policy is a social issue! – German](#)

[Commission: Call “Competition Policy supporting the Green Deal“ – German](#)