

Updating the GBER

Regarding: Proposed amendments to the General Block Exemption Regulation for state aid ('GBER')

From: VNO-NCW (Dutch association of employers, representing the industrial sector in the Netherlands)

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Key messages

- On a general level, we welcome the proposed amendments of the GBER to make the regulation better suited for supporting the green transition.
- Member States need more flexibility to design aid instruments, taking into regard safeguards to ensure fair competition. We are concerned that the proposed compulsory competitive bidding process to grant aid regarding clean or zero-emission mobility is too rigid, and in the end may harm instead of help SME's.
- We are concerned that the proposed references in the GBER to the EU Taxonomy Regulation could have the unintended effect of deterring from state aid instruments, those businesses that need such aid most to make the green transition.

Introduction

VNO-NCW and SME-Netherlands welcome the publication by the European Commission ('Commission') of the proposed amendments to the GBER to promote the green and digital transition. We consider the revision of the GBER timely and necessary to ensure that European businesses can contribute effectively to the green and digital transition.

VNO-NCW is the Dutch federation of employers and businesses and SME-Netherlands is the Dutch federation of small and medium sized enterprises. Together, the organisations represent +/- 90% of Dutch businesses.

Consideration of amendments

Generally, VNO-NCW and SME-Netherlands welcome the proposed amendments to the GBER. More in particular we are pleased to see that the GBER now also covers investment aid for leasing clean or zero-emission vehicles.

At the same time however, we have concerns about specific elements of the proposed amendments: (1) the inflexibility of awarding methods and (2) the reference to the EU Taxonomy Regulation.

1. Need for more flexibility in awarding methods

We consider the current Commission proposal too rigid. We recommend the Commission to provide for a system with more flexibility where Member States can choose between instruments: (i) high percentages of investment coverage with state aid (e.g. 100%), but awarded in a competitive bidding process, or (ii) lower percentages of investment coverage with state aid, but flexibility in awarding methods for Member States. May the Commission choose to proceed with its proposed amendments,

we recommend to have suitable transposition periods to prevent any delay or funding gaps due to design and implementation of new aid instruments.

A major advantage of the GBER is the relative quick method of awarding state aid, as Member States are exempted from the notification requirement to the European Commission as long as the aid meets the criteria of the GBER. Businesses need such quick and swift state aid instruments as they cannot wait long periods for approval to make the necessary sustainability investments. That, in turn, would hamper and slow down the green transition.

Where it regards investment aid for the acquisition/retrofitting of clean vehicles or zero-emission vehicles¹, the Commission proposed that the aid intensity may reach up to 100% of eligible costs for zero-emission and 60% of eligible costs for clean vehicles, but under the condition that the aid is granted in a competitive bidding process. The Commission considers the competitive bidding process necessary to ensure that the aid granted (possibly covering up to 100% of the investment) does not distort competition more than necessary. The element of price weighs heavily in such a competitive bidding.

This new awarding method however, is compulsory for Member States to apply and does not leave any flexibility to construct a national aid instrument otherwise. That is a problem. Each Member State builds or has already in place aid instrument(s) to support clean mobility in its own way. For example in the Netherlands the government uses an aid scheme covering only 40-50% of investment, resulting in a much lower risk of distortion of competition. In addition, we fear that a compulsory competitive bidding process will have a negative impact on SME's. Small companies generally have less own investment capital and their propositions will therefore be less attractive in a competitive bidding process. We want to prevent a system where state aid instruments are less favourable for SME's, as SME's need state aid most to be able to contribute to the green transition.

2. EU Taxonomy Regulation

The proposed amendments to the GBER make multiple references to the EU Taxonomy Regulation. The Taxonomy Regulation establishes a classification system (or taxonomy) which provides businesses with a common language to identify whether or not a given economic activity should be considered 'environmentally sustainable'.

We are concerned however on the effects of reference to these (high) sustainability standards in EU state aid rules, in this case the GBER. European businesses and governments alike, are facing a big challenge to meet our common climate ambitions and make the green transition. We should thus realise that we are not there yet. State aid is an important instrument to facilitate businesses to achieve a high level of sustainability and to meet our common climate ambitions.

Reference to the EU Taxonomy Regulation could have the effect of deterring the access for businesses to state aid instruments, as (e.g.) the definitions would set too high sustainability requirements to applicants. Especially those companies who have not yet obtained a high level of sustainability, need such aid most to be able to make that transition. We strongly recommend the Commission to carefully consider the effects of reference to the EU Taxonomy Regulation in the GBER and other state aid rules (such as the CEEAG²) and specifically prevent such references to unintentionally deterring access to state aid instruments; to the detriment of those businesses who need such aid most to make the green transition.

¹ Proposed new Article 36b GBER

² Communication from the Commission on 'Guidelines on State aid for climate, environmental protection and energy 2022'