



Plenary sitting

B9-0535/2021

19.10.2021

MOTION FOR A RESOLUTION

to wind up the debate on the statements by the Council and the Commission

pursuant to Rule 132(2) of the Rules of Procedure

on the climate, energy and environmental State aid guidelines (CEEAG)
(2021/2923(RSP))

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on behalf of the PPE Group

B9-0535/2021

European Parliament resolution on the climate, energy and environmental State aid guidelines (CEEAG) (2021/2923(RSP))

The European Parliament,

- having regard to the draft Commission communication entitled ‘Guidelines on State aid for climate, environmental protection and energy 2022’,
 - having regard to the Commission communication entitled ‘Stepping up Europe’s 2030 climate ambition - Investing in a climate-neutral future for the benefit of our people’ (COM(2020)0562),
 - having regard to the Commission communication entitled ‘The European Green Deal’ (COM(2019)0640),
 - having regard to the Commission communication entitled ‘‘Fit for 55’’: delivering the EU’s 2030 Climate Target on the way to climate neutrality’ (COM(2021)0550),
 - having regard to the Commission’s evaluation of EU State aid rules,
 - having regard to the public consultation on the revised Climate, Energy and Environmental Aid Guidelines (CEEAG),
 - having regard to its resolution of 7 October 2021 on reforming the EU policy on harmful tax practices (including the reform of the Code of Conduct Group)¹,
 - having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas the draft guidelines on State aid for environmental protection and energy set out the conditions under which State aid for energy and environmental protection may be considered compatible with the single market;
- B. whereas the Commission’s Fit for 55 legislative package will be a key component in guiding the European economy towards decarbonisation and reaching the net reduction target of 55 % below 1990 levels;
- C. whereas the EU’s ambitious climate objectives present unprecedented challenges with a very ambitious timeline that will require enormous levels of public and private investment;
- D. whereas the European Green Deal communication specifically sets out that State aid rules should be revised to support a cost-effective transition to climate neutrality;
- E. whereas the list of sectors eligible for State aid has been significantly reduced in the Commission’s draft guidelines on State aid for climate, environmental protection and

¹ Texts adopted, P9_TA(2021)0416.

energy;

- F. whereas the actions required by European businesses in the decarbonisation process will involve great challenges, such as dealing with increasing energy costs, high compliance costs and adjustments to many industrial processes;
 - G. whereas energy prices differ largely within the single market;
 - H. whereas the risk of carbon leakage is significant if companies cannot maintain their competitiveness during the transition to decarbonisation; whereas carbon leakage can undermine the objectives of the Green Deal;
 - I. whereas a robust State aid framework is necessary to maintain competitive markets; whereas it can also play a role as an enabling framework to support European industry in the transition towards a less carbon-intensive economy;
 - J. whereas the State aid framework should be consistent and coherent with both the Fit for 55 package and the current Union *acquis*;
 - K. whereas European job growth and economic recovery from the COVID-19 crisis are at risk if the European industrial sector cannot maintain its competitiveness;
 - L. whereas electro-intensity and trade intensity parameters are not sufficient to account for exposure to electricity price fluctuations or energy-intensive service production;
 - M. whereas the stated objective of the revision of the CEEAG is to allow the extension of the scope of the guidelines to new areas and technologies, as well as to ensure alignment and coherence with relevant EU environmental and energy legislation;
1. Welcomes the European Union's ambitious climate objective presented in the context of the Fit for 55 legislative package;
 2. Points out however that the transition towards a less carbon-intensive and ultimately carbon-neutral economic model requires significant investments from both the private and the public sector;
 3. Stresses that certain sectors, particularly those suffering from high energy costs and intense international competition, will require a certain degree of public support in order to successfully cope with the transition; points out that the possibility for Member States to provide relief to energy-intensive companies from charges levied for the support of renewables will remain of high importance;
 4. Notes that in light of the technological change brought about by the transition towards a less carbon-intensive model, State aid rules need to include a certain degree of flexibility;
 5. Stresses that it is therefore essential that the ambition of the guidelines on State aid for climate, environmental protection and energy matches the overall ambition of the Fit for 55 package as the two complement each other;
 6. Highlights that a failure to draw up robust State aid rules complementing the Fit for 55

package and the Green Deal will inevitably erode the competitiveness of European industry, put jobs and the economic recovery at risk and lead to carbon leakage, which will ultimately undermine the effectiveness of the Union's ambitious climate agenda;

7. Welcomes the general objectives of extending the scope of the guidelines on State aid to cover new areas such as clean mobility, increasing flexibility and streamlining current rules; notes however, that some points in the draft guidelines on State aid for climate, environmental protection and energy 2022 fall significantly short of the stated ambition;
8. Calls on the Commission to revise its draft Guidelines on State aid for climate, environmental protection and energy 2022 in order to adequately address the significant demands put on European companies during the transition to a carbon-neutral economy, while safeguarding the recovery from the COVID-19 crisis, job growth and avoiding carbon leakage;
9. Stresses that in light of the ambition of the Fit for 55 package, more rather than fewer sectors might require public support through State aid; calls on the Commission to include more sectors as eligible for State aid within the guidelines on State aid for climate, environmental protection and energy 2022;
10. Calls on the Commission to perform sector categorisation with sufficient granularity in order to avoid excluding otherwise eligible companies from State aid due to a unfavourable sector categorisation;
11. Calls on the Commission to avoid excessive levels of burden of proof and justification in the new guidelines in order to avoid bureaucracy and uncertainty that would hamper the policy objectives of the Green Deal and the achievement of the 2030 reduction targets;
12. Calls on the Commission to delete reference to the 'do no significant harm' principle in the Taxonomy Regulation in the guidelines on State Aid for climate, environmental protection and energy 2022, and to instead take objective environmental standards into account when weighing the positive effects of aid against identified negative effects on competition and trading conditions;
13. Notes that the Commission heavily relies on trade intensity and energy intensity in order to determine which sectors are eligible for State aid; points out that the trade intensity metric might not sufficiently take into account substitution effects, the complexity of supply chains and the threat of foreign competition that has not yet materialised, but is still factored into the economic decision-making of European businesses; expresses doubts about the general increase of the trade intensity requirement as prerequisite for State aid eligibility;
14. Notes that the State aid guidelines have the ambition of facilitating the phasing out of fossil fuels; stresses, however, that this should not undermine the support for fossil fuel projects that either contribute to significant reductions in overall emissions or that avoid long-term fossil fuel lock-in by having a future-proof design, e.g. gas projects that are also hydrogen-ready;
15. Stresses that a gradual phasing out of highly polluting fossil fuel projects should be

accompanied by support possibilities for new less carbon-intensive technologies; calls on the Commission to facilitate decarbonisation in its guidelines by being more flexible in its assessment of State aid for the use of natural gas, hydrogen and biofuels as transition technologies where they replace more polluting technologies;

16. Calls on the Commission to ensure legal certainty for support schemes that have already been approved under the old State aid regime;
17. Notes that investments in energy efficient and low-carbon technologies require economic predictability in order to minimise investment risk; calls on the Commission to authorise aid schemes for a sufficiently long period that takes into account the planning and development timeframes of the relevant projects;
18. Calls on the Commission to include a review mechanism into the new guidelines so that consistency and coherence with the final legislative acts and implementing acts of the Fit For 55 package can be ensured;
19. Calls on the Commission to include the innovation principle in the guidelines, providing grounds for exceptional State aid where the guidelines would prohibit such support but where the innovation supported will positively impact European society or economy;
20. Instructs its President to forward this resolution to the Commission and the Council.