



EU support to green transition

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TESSD

Subsidy Working Group



EU Green Deal Industrial Plan

- Fast transition to climate neutrality
- Scaling up manufacturing capacity for the net-zero technologies and products

4 pillars:

1. Predictable and simplified regulatory environment
2. Speeding up investment and financing for clean tech production
3. Enhancing skills
4. Open trade
 - global cooperation
 - making trade work for the green transition, under the principles of fair competition and open trade,
 - building on the work of the WTO



EU State aid (subsidy) framework

Principles:

- Specific public policy objective to remedy market failure or to address an equity rationale
- Proportionality
- Bring about a change of economic behaviour
- Appropriateness
- Balancing - positive contributions to achieving the policy objective outweigh any negative effects on trade

WTO compatibility





Guidelines on State aid for Climate, Environmental Protection and Energy

- Categories
 - **investments** (e.g. clean mobility infrastructure, resource efficiency, biodiversity) and
 - **technologies** (e.g. renewable hydrogen, electricity storage and demand response, decarbonising production processes)
- Safeguards
 - **ensure effectiveness to improve climate and environmental protection,**
 - **not unduly distort competition**
- Coherence
 - **with legislation and policies in the environmental and energy fields, i.a. by phasing out subsidies for fossil fuels**
- WTO compatibility

Temporary Crisis and Transition Framework

- Streamlining procedures
- Expanded scope
 - **all types of renewable energy sources, decarbonisation of industrial processes**
- Transitional measures
 - **for key sectors for net-zero transition** (e.g. batteries, solar panels, wind turbines, heat-pumps, electrolysers and carbon capture usage and storage)
- WTO compatibility

Conclusions

- Critical role for incentives to enable the low-carbon economy transition
 - **demand for next-zero- emissions products and technologies,**
 - **access to public and private investment and financing for climate-related projects**
 - **secure, affordable and sustainable energy system, increase the level of environmental protection**

Conclusions - WTO aspects

- Work with its partners to promote stability in international trade
- The WTO has a role in supporting climate neutrality
 - **disciplines on subsidies**
 - **promote green transition in a manner that minimises trade distortions**
 - **forum for deliberations on trade aspects of the green transition**