State aid policy developments

The views expressed in this presentation are the views of the speaker and do not necessarily reflect the views of the European Commission

Koen Van de Casteele

Budapest, 26 September 2025

Modernisation of competition policy (incl. SA)

- Guiding principles:
  - **Simplification and speed**: Agile so that it can respond to urgent challenges and fast-changing markets; it must limit complexity and red tape for companies and Member States.
  - It must be **coherent** with the objectives of other EU policies.
  - It must be a **fair** competition policy, that enables all European companies to scale up and seize the full potential of the Single Market.
  - It must also be **just**, making markets work better for people, leaving no one and no region behind.

- Key principles remain valid:
  - State aid must address **demonstrable market failures**
  - State aid should **preserve a level playing field** in the Single Market
  - State aid should be **limited to the minimum amount necessary** for a project or investment to be implemented

- Contribute to address challenges identified in Letta and Draghi reports

A Competitiveness Compass for the EU (29.01.2025)

Transformational imperatives to boost competitiveness:

- Closing the **innovation** gap
- A joint roadmap for **decarbonisation** and competitiveness
- **Reducing excessive dependencies** and increasing security

Horizontal enablers:

- **Simplifying** the regulatory environment, reducing burden and favouring speed and flexibility
- Fully exploiting benefits of scale offered by the **Single Market** by removing barriers
- **Financing** through a Savings and Investments Union and a refocused EU budget
- Promoting **skills and quality jobs** while ensuring social fairness
- Better **coordinating policies** at EU and national level

On competition policy:

„a fresh approach, better geared to common goals and allowing companies to scale up in global markets – while always ensuring a level playing field in the Single Market“

Competition policy under the Compass

How competition fits in the three transformational imperatives to boost competitiveness:

Closing the innovation gap

- Revised Guidelines for assessing mergers
- Simplify and speed up enforcement, while strengthening and better targeting it
- Review of the Technology Transfer framework
- Enforcement of DMA
- Wider use of IPCEIs

Decarbonisation and Competitiveness

- Flexible and supportive State aid framework – how well targeted, simplified aid can further encourage investment for decarbonisation, while avoiding market distortions

Reducing dependencies

- Rigorous enforcement of FSR

How competition fits in the horizontal enablers for competitiveness:

- **Simplification**: simpler and faster IPCEIs (e.g., Design Support Hub)
- **Financing**: new European Competitiveness Fund to support strategic investments, including **IPCEIs**

Clean industrial deal (CID) (26.02.2025)

- The Clean Industrial Deal is one of the pillars of the “Competitiveness Compass”.
- The CID reinforces the EU’s economic security, clean transition, and industrial sovereignty. It puts circularity at its core to optimise the raw materials that are most scarce in the EU. It will also mobilise substantial funding
- Aim: make decarbonisation achievable and profitable for industry in Europe

Scope and objectives of the CID

The CID is the **EU's 'business plan'**

- To support the competitiveness and resilience of Europe's industry.
- By accelerating decarbonization.
- While supporting manufacturing in Europe.

Becoming climate neutral by 2050

- Give certainty and predictability to companies and investors.

Scope:

- **Energy-intensive industries**: safeguard competitiveness from high energy costs and unfair global competition.
- **Clean-tech**: allow it to expand in the EU as it is a key enabler of competitiveness and decarbonisation.

CISAF contributes to achieving the CID objectives

- **Delivering on promises** made: A new framework was already announced in the political guidelines and the mission letter to EVP Ribera.

- State aid can **contribute to the objectives** of the Clean Industrial Deal
  => *but cannot solve all problems.*

- The new framework will complement existing rules (CEEAG, RAG, …) and replace the Temporary Crisis and Transition Framework (TCTF), moving from crisis response to **longer-term stability**
  => *will increase planning horizon for Member States and certainty for investors.*

- The objective is **to simplify** approvals for measures that contribute to accelerating the clean transition without undue distortions in the internal market.

CISAF contributes to achieving the CID objectives

- **Accelerating the clean energy transition**
- **Achieving well-balanced energy markets & less volatile energy prices**
- **Achieving greenhouse gas reductions / reduce fossil fuel dependencies**
- **EU to become a manufacturing powerhouse**
- **Leveraging private funds to unlock clean investments**
- **Stimulating innovation and circularity**

- **While simplifying / reducing administrative burden**

and

- **balancing against negative effects on level playing field and competition in the Single Market**

New State aid Framework: Key features (1)

1. Accelerating the clean energy transition

- Support for both renewable energy and low-carbon fuels
- Allow for **technology-specific aid schemes** (as compared to the standard rules which requires technology neutral schemes)
- **Longer project implementation deadlines** to accelerate rollout (48 months instead of 36 under TCTF)
- Safe-harbours for **flexibility/capacity mechanisms** in addition to broader options under CEEAG

2. Temporary electricity price support for EIUs

- Limited in time: 3 years
- Sectors at "significant risk" of production leaving EU (same as CEEAG annex)
- Safeguards: aid is limited by "4x50" approach:
  - Only 50% of consumption eligible
  - 50% max. aid intensity on eligible consumption
  - Subsidised electricity cannot be below 50 EUR / MWh
  - 50% of aid received has to be re-invested in in renewable electricity or in reducing/flexibilising electricity demand

New State aid Framework: Key features (2)

3. Industrial decarbonisation and energy efficiency measures

- Support **all industry** in line with CID focus, i.e. services, agriculture not covered.
- Decarbonisation measures can be subsidised **regardless of the technology used**
- **Longer project implementation deadlines** (60 months)
- Allow for **more flexibility** in designing the measures but include ‘safe harbour’ elements for swift adoption.

Common elements for 1. and 3.

- Use of **schemes** to facilitate aid granting and reduce red tape
- Main **facilitations** compared to CEEAG:
  - no public consultation required
  - exceptions from mandatory bidding processes
  - administratively set aid amounts (aid intensities)
  - No ex-post evaluation
- Further **facilitations** for projects with a Sovereignty Seal from the Innovation Fund that require further national financing

New State aid Framework: Key features (3)

4. Support for clean tech manufacturing

- **Scope: clean technologies recognised in Net-Zero Industry Act**, including for critical raw materials (i.e., much broader than TCTF**,** which was limited to batteries, solar panels, wind turbines, heat-pumps, electrolysers, CCU/CCS + key components and related critical raw materials); **Nuclear equipment** that is covered by NZIA can also receive support

- **Aid schemes** (*no need for MS to notify individual cases*).

- Aid above the thresholds allowed if **'matching aid'**, up to a proven funding gap => making sure to keep the investment in Europe and avoid diversion.

- Allow **support for manufacturing** also **outside assisted areas:** Major departure from standard manufacturing aid rules, which allow such manufacturing aid only subject to strict cohesion safeguards. **Bonuses for projects in cohesion regions**.

- Change of approach: maximum aid amount 'per project' instead of 'per company', **enabling several projects by the same company**.

New State aid Framework: Key features (4)

5. Demand side measures

- Stimulate **demand for clean tech equipment - use accelerated tax depreciation** to incentivise firms to acquire clean tech equipment.

6. De-risking tool

- Member States can set up funds with **public support** to **reduce the risks for private investors** willing to invest in **renewables, decarbonisation and clean tech manufacturing**, **energy infrastructure** and **circularity projects** under certain conditions (equity, loans and/or guarantees) => leverage private funds, also from institutional investors (pension funds, etc.).

Other initiatives which contribute to CID objectives

- IPCEI:
  - 11 projects approved, covering 23 Member States, with 345 participating projects
  - More than EUR 37 billion SA approved; expected private investments: more than EUR 66 billion

- Semiconductor projects:
  - 8 measures approved
  - More than EUR 12 billion SA approved; expected private investments: more than EUR 28 billion
  - Key safeguard: FOAK

Other policy projects

	Q3 2025	Q4 2025	2026	2027
GBER	Call for Evidence Public Consultation		Q1: Public Consultation draft GBER Q4: Adoption	
Guarantee Notice	Publication SWD			Q2: Adoption
Rescue and Restructuring Guidelines	Call for Evidence Public Consultation	Prolongation current guidelines	Q4: Adoption	
Land and Multimodal Transport Guidelines (LMTG)		Adoption		
Transport Block Exemption Regulation (TBER)		Adoption		
State aid Aviation Guidelines			Q3: Public Consultation	Adoption
ETS Guidelines	Call for Evidence on technical updates	Adoption		
SGEI - Affordable Housing		Public Consultation	Q1: Adoption	

Thank you for your attention

Any questions?