



## **Response of the Dutch authorities to the Survey on the Temporary Crisis and Transition Framework (TCTF) and the Strategic Technology for Europe Platform (STEP) bonus (HT.6323), The Hague 15 September 2023**

*This response reflects the views of the Dutch 'Interdepartementaal Staatssteun Overleg (hereafter: ISO)'. The ISO is a central State aid coordination body composed of all Dutch ministries and representation of the regional and local authorities. The ISO is chaired by the Ministry of Economic Affairs and Climate Policy. The Minister of Economic Affairs and Climate Policy is responsible for competition policy in the Netherlands.*

### Other comments and evidence

*Would you like to raise additional comments and/or provide evidence that the Commission should take into consideration in its reflections on the way forward as regards the phase out of crisis State aid rules?*

Many thanks to the Commission for consulting the EU Member States. We consider it important that the Member States are closely involved in shaping State aid policy. With regard to the process, we would like to emphasize that proper consultation is of great importance. Given the fact that the consultation period largely falls during the summer months, this poses challenges. The use of a limited and very specific questionnaire, in which a response or not must be given depending on the previous answer, also deprives Member States of the possibility of responding clearly to certain questions. Even though there is a possibility for 'Other comments and evidence' the use of a survey of this nature could easily lead to misrepresentation and oversimplification of the points of view of Member States.

With regard to extending the crisis part of the TCTF, proper monitoring of the situation by the Commission is considered to be of great importance. We agree with the Commission that it now appears to be the case that, based on the current economic outlook, an extension of the crisis part of the TCTF is not necessary. Conversely, the prolongation of the rules is -at this moment -likely to have detrimental effects on the level playing field on the internal market. Expiry of the TCTF is also in line with the temporary and targeted nature of crisis State aid frameworks. We welcome the readiness by the Commission to respond swiftly should the economic situation change with regard to energy prices and other unforeseen economic circumstances related to the Russian invasion of Ukraine. In the event of any new crisis situation threatening to create a new serious disturbance, the Commission is called upon to swiftly act to reintroduce appropriate, temporary and targeted State aid possibilities, so Member States will be able to swiftly apply or reintroduce aid schemes to support their economies.

With regard to the STEP bonus, much is still unclear about how the Commission intends to amend the State aid rules/ Regional aid rules. While it might be justified that consultation of the possible prolongation of the TCTF has a shorter period for consultation than normal because of the phase-out of the framework by the end of 2023, the same cannot be said for the STEP bonus. Therefore, it does not seem appropriate to hold such a limited survey with short consultation time on this topic. In addition there is a relation between the scope of the possible proposed changes and the scope of the STEP Regulation, which is currently being discussed in Council. The use of a survey of this nature – without a possibility to see what changes the Commission has in mind - could easily lead to

misrepresentation and oversimplification of the points of view of Member States. Therefore, the Commission is called upon to provide further clarification, especially on the proposed objective of the possible changes, the specific scope of the changes and the process and timeline for amendment of the Regional aid Guidelines/ Regional aid maps. Overall, State aid policy should be based on facts, evidence and thorough analysis of different policy options. It should be noted that a lot has been done already to support regions that are facing transition or structural challenges: the adoption of TCTF 2.8 section enables investments to support manufacturing in some key sectors, and the Regional Aid Guidelines reform in 2021 increased aid intensities in the least developed areas. Therefore, the Commission is called upon to carry out an impact assessment before amending the Regional aid rules and to share the result with the Member States so that the Member States can have a well-informed discussion about a possible proposal with the Commission. If the Commission decides to introduce a STEP bonus it would be important to have a full discussion on the scope and potential aid levels.

For now the NL is not convinced of the need for a STEP bonus for assisted regions. Based on the current level playing field on the internal market, including the now applicable State aid rules, already a significant (unwanted) relocation of activities can be noticed. Research data from the Dutch statistical office CBS shows that many companies decide to relocate activities like manufacturing from the Netherlands to other countries within the EU (Source: [Minder bedrijven verplaatsten bedrijfsonderdelen naar het buitenland \(cbs.nl\)](https://www.cbs.nl/nl-nl/nieuws/2022/14/minder-bedrijven-verplaatsten-bedrijfsonderdelen-naar-het-buitenland))<sup>1</sup>

The risk of (unwanted) relocation by State aid measures, such as Regional aid, will be further increased by introducing a STEP bonus. If the European Commission is really concerned with strategic autonomy, the qualification of assisted region should not matter in this context. According to the NL, the degree of excellence in the context of strategic autonomy should be decisive.

Moreover, there is no evidence that the level playing field can be restored in this way because of large expenditures by certain Member States, due to the fact that these Member States have assisted regions as well. On the contrary, a STEP bonus can lead to even more State aid and therefore potentially leads to higher risks for the level playing field on the EU internal market. Based on the TCTF all Member States have the same possibilities for providing State aid for critical technologies, including bonuses for assisted regions. It is unclear how an additional STEP bonus would contribute to cohesion policy. Furthermore, TCTF rules are temporary and justified by the Commission by special circumstances limited in time. It is not sufficiently justified why permanent rules in this regard would be necessary.

Finally, if we look at new plants like battery manufacturing there are no indications that assisted regions are lagging behind in green investments. Source per country: [Factbox: Companies invest in EV battery factories in Europe | Reuters](https://www.reuters.com/business/autos-transportation/companies-invest-ev-battery-factories-europe-2023-05-18/)<sup>2</sup>

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<sup>1</sup> <https://www.cbs.nl/nl-nl/nieuws/2022/14/minder-bedrijven-verplaatsten-bedrijfsonderdelen-naar-het-buitenland>

<sup>2</sup> <https://www.reuters.com/business/autos-transportation/companies-invest-ev-battery-factories-europe-2023-05-18/>