



EUROPEAN COMMISSION

Competition DG

Deputy Director General State aid

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Subject: Your letter of 11 September 2020 regarding the tax exemptions for biofuels

Dear Mr Förberg,
Dear Ms Waltersson,
Dear Mr Eskdahl,
Dear Ms Katsanidou,
Dear Mr Johansson,
Dear Mr Sonesson,

Thank you for your letter of 11 September 2020 addressed to Executive Vice-President Frans Timmermans, who has asked me to reply on his behalf.

In your letter, you stress the importance of biofuels used by Swedish regions in public transport for Sweden's and the EU's climate goals. You also refer to the importance for the Commission to allow support for sustainable biofuels in the revised Guidelines on State aid for environmental protection and energy. You finally ask the Commission to allow Sweden to maintain the current tax exemption for biofuels until the revision of the Guidelines.

I am pleased to inform you that on 8 October 2020, the Commission approved, under EU State aid rules, the prolongation of the tax exemptions for biofuels in Sweden for one additional year (from 01 January 2021 to 31 December 2021). The Commission assessed the measures under EU State aid rules, in particular the Guidelines on State Aid for environmental protection and energy 2014-2020. The Commission found that the tax exemptions are necessary and appropriate for stimulating the production and consumption of domestic and imported biofuels, without unduly distorting competition in the Single Market. In addition, the Commission concluded that the scheme contributes to the efforts of both Sweden and the EU as a whole to deliver on the Paris agreement and move towards the 2030 renewables and CO₂ targets.

The support to food-based biofuels for this additional year should remain limited, in line with the thresholds imposed by the revised Renewable Energy Directive. Furthermore, the exemption can only be granted when operators demonstrate compliance with sustainability criteria, which will be transposed by Sweden as required by the revised Renewable Energy Directive.

The Swedish regions can therefore continue applying the tax exemptions until the end of 2021. Support conditions for biofuels after 2021 will be set in the revised Guidelines.

Yours sincerely,

[e-signed]

Carles ESTEVA MOSSO