

State Aid: European Commission Approves German Scheme to Support Private Investments in Strategic Goods to Foster Transition to Net-Zero Economy

20 July 2023

Report from Andreas Perdelwitz, Principal Associate, IBFD

On 19 July 2023, the European Commission announced the approval of a EUR 3 billion German scheme to support private investments in specific strategic goods needed to foster the transition towards a net-zero economy in line with the Green Deal Industrial Plan (for details, see [European Commission Presents Green Deal Industrial Plan, Plans Flexibilization of State Aid Rules, Encourages Tax Incentives to Net-Zero Industry \(1 February 2023\)](#)). The scheme was approved under the State aid Temporary Crisis and Transition Framework, adopted by the Commission on 9 March 2023 to support measures in sectors which are key to accelerate the green transition and reduce fuel dependencies (for details, see [State Aid: European Commission Adopts Temporary Crisis and Transition Framework to Further Support Transition Towards Net-zero Economy \(10 March 2023\)](#)).

Under the German scheme, the aid will take the form of (i) direct grants; (ii) tax advantages; (iii) subsidized interest rates on new loans; or (iv) guarantees on new loans. The scheme will be open to companies producing relevant equipment, namely batteries, solar panels, wind turbines, heat pumps, electrolyzers, equipment for carbon capture usage and storage, as well as key components designed and primarily used as direct input for the production of such equipment or related critical raw materials necessary for their production.

The Commission found that the German scheme is in line with the conditions set out in the Temporary Crisis and Transition Framework. In particular, the aid (i) will incentivize the production of relevant equipment for the transition towards a net-zero economy; and (ii) will be granted no later than 31 December 2025. The Commission concluded that the German scheme is necessary, appropriate and proportionate to accelerate the green transition and facilitate the development of certain economic activities, which are of importance for the implementation of the Green Deal Industrial Plan, in line with article 107(3)(c) of the [Treaty on the Functioning of the EU \(TFEU\)](#) and the conditions set out in the Temporary Crisis and Transition Framework.

On this basis, the Commission approved the German scheme under EU State aid rules. The non-confidential version of the decision will be made available under case number SA. 108068.

