

# Evaluation of the Communication on Important Projects of Common European Interest (IPCEI), in the context of the fitness check on State aid policy

Fields marked with \* are mandatory.

## Introduction

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### Generally on IPCEIs

The European Commission fully supports initiatives of EU Member States working together to enable Important Projects of Common European Interest (IPCEIs). IPCEIs are about cross-border ambitious projects that often entail significant risks, which private investors are not willing to take on by themselves. In such cases, public support from several EU Member States may be necessary to fill the financing gap, to overcome market failures and allow such strategic projects to see the light of day. The public support can in addition unlock or leverage significantly higher amounts of private investments, which would otherwise not have taken place.

The Commission has put in place more flexible EU State aid rules (the IPCEI Communication) to smooth the way: at least two Member States – but preferably more – can pool their resources to support an IPCEI in strategic sectors of the economy, including ambitious research, development and innovation (R&D&I), the environment, transport, energy, information technology etc. They can provide support in a number of forms (loans, repayable advances, guarantees or grants) to cover up to 100% of the funding gap, including for the first industrial deployment of an R&D&I project, i.e. the up-scaling of pilot facilities and the testing phase while introducing innovative, first of a kind processes and/or products.

At the same time, for R&D&I projects in particular, the full innovation benefits of IPCEIs can only be achieved, if public funding stimulates rather than crowds out private investments and the benefits are shared widely and do not distort the level playing field in the internal market. A competitive environment is in itself an important stimulus for companies to innovate, thus maximising the benefits for consumers, upstream and downstream industries and European society as a whole.

Finally, IPCEIs complement other EU actions to enable growth and innovation in Europe, e.g. via the Investment Plan for Europe (expected to trigger more than €350 billion in investments) or Horizon 2020 (nearly €80 billion of funding). Together, these actions aim at helping European industries to seize their full potential in innovation, digitisation and decarbonisation.

### Opportunities for IPCEIs

The decision to design and set up IPCEIs lies in the hands of participating Member States and companies.

Since IPCEIs are funded from national budgets, Member States are in the driving seat to identify the scope of the project, to select, following open calls/tenders, participating companies and research institutions, and to agree on project governance and the terms and conditions of the support. Given the cross-border nature and size of IPCEIs, this requires significant coordination efforts, in particular to gather essential information for the approval process. The Commission of course stands ready to play a pro-active role to facilitate IPCEIs. In other words, a successful and speedy implementation of IPCEIs requires all parties to pull their weight – Member States, companies and the Commission.

To-date, the Commission has received one formal application from Member States to approve State aid under the IPCEI framework for a large R&D&I project, namely in the microelectronics sector. The Commission approved €1.75 billion of State aid for this integrated project involving four Member States in December 2018 (see further details below).

The Commission welcomes further reflections on how to best make IPCEIs a success. Interested parties are invited to submit their views on the implementation of the IPCEI Communication as part of the Fitness Check (see below).

### **The microelectronics IPCEI**

In December 2018, the Commission approved under the IPCEI framework €1.75 billion of public investment for an IPCEI in the microelectronics sector, which will unlock an additional €6 billion of private investment. France, Germany, Italy and the UK as well as around 30 companies and research institutions joined forces to enable new research and innovation in this key enabling technology. The project is expected to stimulate additional downstream research and innovations in particular in relation to the Internet of Things and to connected or autonomous cars. The results of the project will be disseminated by participating companies benefiting from public support.

### **Possible batteries IPCEI(s)**

Innovation in batteries is important for the clean energy transition and the competitiveness of a number of European sectors, including the automotive sector. The EU Battery Alliance, launched in October 2017, aims to address the technological challenges for the development of the batteries sector in Europe and to respond to the expected high increase in demand for e-vehicles in the coming years. Furthermore, in May 2018, the Commission adopted a Strategic Action Plan on Batteries with sustainability requirements and circularity at its core.

In this context, State aid may be appropriate and necessary to support the development of advanced and disruptive battery technologies in Europe.

Work on possible IPCEIs for batteries is currently advancing with Member States and companies jointly deciding on concrete IPCEI project(s) for batteries, which the Commission will assess as a matter of priority. The Commission is in close contact with Member States and interested stakeholders on their strategic outlines.

### **Other strategic value chains**

Member States and stakeholders have also raised the possibility of IPCEIs in a number of other strategic areas, including artificial intelligence and data.

In the context of the Renewed EU Industrial Policy Strategy, the Commission has set up the “Strategic Forum for Important Projects of Common European Interest”, involving Member States and industry. The role of the Strategic Forum is to identify key strategic value chains that require well-coordinated actions and investments from industry and public authorities from several Member States (making use of IPCEIs as well as other instruments).

The Strategic Forum defined key strategic value chains for which it will develop recommendations for actions (Batteries; High performance computing, Microelectronics; Connected, clean and autonomous vehicles; Smart health; Low-carbon industry; Hydrogen technologies and systems; Industrial Internet of Things; Cybersecurity). Its report will be published in September 2019.

### **Fitness check on the Communication on Important Projects of Common European Interest (IPCEI):**

#### **List of evaluation questions for the targeted consultation of the members of the Strategic Forum for Important Projects of Common European Interest and the State Aid Modernisation (SAM) Working Group**

### **Why we are carrying out a Fitness Check**

In 2012, the Commission launched the ‘State aid modernisation’. This initiative had three main objectives: 1) Foster growth in a strengthened, dynamic and competitive internal market; 2) Focus enforcement on cases with the biggest impact on the internal market and 3) Streamline rules to enable faster decision making. Since 2014 the Commission has revised a number of State aid rules. The aim of this ‘Fitness check’ is to evaluate whether these State aid rules are still fit for purpose and establish if they have contributed to achieving the EU 2020 policy objectives (see [Communication from the Commission, Europe 2020, A strategy for smart, sustainable and inclusive growth](#)). In addition, this consultation seeks views concerning the effectiveness, efficiency, coherence, relevance and EU added-value of these State aid rules. This ‘Fitness check’ takes into account: a) the general objectives of the ‘State aid modernisation’ initiative; b) the specific objectives of the legal framework as well as c) the current and (already known) future challenges.

### **How we are consulting on the IPCEI Communication in the context of the Fitness Check**

First, a general, public consultation on the Fitness Check of EU State aid rules (including the IPCEI Communication) took place in the form of an online questionnaire, via the Commission’s Better Regulation Portal (open from 17 April to 19 July 2019).

Besides the general public consultation, we are by means of the present list of questions performing a targeted consultation of stakeholders, namely the members of the Strategic Forum and the State Aid Modernisation (SAM) Working Group. This targeted stakeholder consultation aims at asking supplementary questions in order to gather stakeholders’ views on the implementation of the IPCEI Communication and

receiving insights about potential lack of clarity, gaps, overlaps or excessive regulatory burden.

## Duration of the consultation and technical details

This targeted consultation will be open until **18 October 2019**.

You can contribute to this consultation by filling in the online questionnaire. In addition to replying to the multiple-choice questions, you can also add open text comments per question or even upload a longer document with your views and proposals. Please note that only the last two versions of Internet Explorer, Mozilla Firefox and Google Chrome are supported by EUSurvey. Using other browsers might cause compatibility problems. If you are unable to use the online questionnaire, please contact us as soon as possible via email: [COMP-H2-IPCEI-EVALUATION@ec.europa.eu](mailto:COMP-H2-IPCEI-EVALUATION@ec.europa.eu).

The questionnaire is available in English. However, you can submit your contribution in any EU language.

Please submit only **one contribution per stakeholder**. For your information, you have the option of saving your contribution as a "draft" and finalizing your response at a later time. In order to do this you have to click on "Save as Draft" and save to your PC or e-mail to yourself the link to your draft contribution in order to be able to edit and/or finalize your answers later. Please note that without this new link, generated and e-mailed to you by EUSurvey, you will not be able to access the "draft" again to complete the questionnaire. **Important note:** please remember that the system requires a "Save" before every 60-minute mark. Thus we advise to "Save as Draft" frequently, otherwise you risk losing the data you have already entered in the questionnaire.

## Personal data and privacy

The European institutions are committed to protecting and respecting your privacy. Please refer to the document entitled "Protection of your personal data" uploaded under "Background Documents", which explains the reason for the way we collect, handle and ensure protection of all personal data provided, how that information is used and what rights you may exercise in relation to your data (the right to access, rectify, block etc.).

☒ I agree with the personal data protection provisions (see document in link below).

[Protection\\_of\\_your\\_personal\\_data\\_.pdf](#)

## General Information

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\* Please indicate country of origin

Netherlands

\* Type of respondent

Member State/Public authority

\* First name

*100 character(s) maximum*

Interdepartementaal Staatssteun Overleg (ISO)

\* Last name

*100 character(s) maximum*

Interdepartementaal Staatssteun Overleg (ISO)

\* Name of public authority/company/research organisation/university/association

*200 character(s) maximum*

The ISO is a central State aid coordination body composed of all Dutch ministries and representatives of the regional and local authorities who have to comply with the State aid rules.

\* E-mail address

*100 character(s) maximum*

\* Do you give us permission to contact you if we have follow-up questions?

- ☒ Yes  
☐ No

## Questions for targeted stakeholder consultation on the IPCEI Communication

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\* Effectiveness

1. Does the IPCEI Communication have the potential to meet its overall objective of facilitating the emergence of IPCEIs and giving Member States a tool to address market failures in financing large transnational projects of a strategic importance for the EU?

- ☒ Yes  
☐ No  
☐ I don't know

\* 1.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

Important Projects of Common European Interest (IPCEIs) are of major importance on EU level. The Dutch authorities recognize the importance of identifying key value chains for Europe, that require joint, well-coordinated actions and investments by public authorities and industries from several Member States. Research, Development and Innovation support to industry through IPCEIs can be necessary to facilitate solving societal challenges where broader partnerships are needed and market failure prevents needed investments. IPCEIs may also be necessary to ensure that Europe builds economic leverage to ensure that Europe stays or becomes a world industrial leader in such value chains. However IPCEI is not the only instrument. Value chains can also be served by general instruments that already are in place, for instance: Horizon 2020/Horizon Europe. An IPCEI should not lead to disruption of the internal market and hamper SME's or value chains which are not an IPCEI. The IPCEIs are also a point of attention since high amounts of public support are likely. Therefore an ex ante control mechanism by the European Commission, to assess the impact on the competition of the internal market, is of major importance. This will enable the European Commission to look into the spillover effects of the State aid. In this way it can be checked whether the potential large amounts of State aid also have beneficial effects (and not unduly negative effects) on the internal market as a whole, in addition to the Member States providing the State aid. IPCEI projects exempting from the notification obligation (under the GBER), is premature, given the limited experience with the State aid framework for IPCEI. This does not alter the fact that for IPCEIs, a rapid and more streamlined State aid notification treatment is necessary.

Experience from the application of IPCEI rules in the field of Research, Development and Innovation (i.e. microelectronics and batteries) has clearly shown that the IPCEI process needs to be clarified, simplified and operationalised. This concerns the coordinating roles of the Commission and the relevant Member States, the requirements of the formal process (including possible exclusion of non-suitable projects from interested parties), as well as more practical guidance on the eligibility of the integrated projects (chapeau) and the compatibility of state aid at company level (the respective portfolios). It is also important that the potential role of SME is respected and that their possible inclusion in an IPCEI project is enabled and facilitated. The IPCEI Communication should be amended accordingly.

- \* 2. Are the eligibility requirements of the Communication (e.g. concept of 'integrated project', minimum number of participating Member States, positive spillover effects, co-financing by the beneficiaries, specific criteria on R&D&I and First industrial deployment projects) appropriate to meet their objectives?

- ☒ Yes  
☐ No  
☐ I don't know

- \* 2.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

State aid rules on IPCEI should apply without discrimination to all economic sectors and entail a clear common European interest. Furthermore the Dutch authorities are of the opinion that more guidance from the Commission is needed to identify the difference between the R&D&I phase and the first industrial deployment phase.

- \* 3. Are the Communication's positive indicators (e.g. open nature of the project, active coordination role of the Commission in the project's design and/or selection and/or governance, co-financing by a Union fund) appropriate to reach their

objectives?

- ☒ Yes
- ☐ No
- ☐ I don't know

\* 3.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

Co-financing by a Union fund can be a positive indicator but should not be an obligation.

\* 4. The IPCEI Communication establishes that “in order to address actual or potential direct or indirect distortions of international trade, the Commission may take account of the fact that, directly or indirectly, competitors located outside the Union have received (in the last three years) or are going to receive, aid of an equivalent intensity for similar projects” (point 34). This is referred to as the ‘matching clause’. Is the matching clause appropriate to meet its objectives?

- ☐ Yes
- ☒ No
- ☐ I don't know

\* 4.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

State aid to IPCEI should distort competition as little as possible. Fair competition on the EU market is essential for a well-functioning internal market. Application of a matching clause can lead to a race to the bottom under Member States and is not the way to solve distortions of competition, caused by companies of third countries. Unfair competition (on the internal market), caused by companies of third countries with discriminatory aid benefits, should be pro-actively addressed and solved but without undermining the current EU competition- and State aid framework.

\* Efficiency

5. Is the IPCEI Communication well-structured and sufficiently clear?

- ☒ Yes
- ☐ No
- ☐ I don't know

\* 5.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

However, more guidance and clarification from the Commission is needed. For instance on the innovative beyond state of the arts objectives and the Annex with the eligible costs.

## 6. Are the eligibility criteria sufficiently clear:

|   | Yes                              | No                    | I don't know                     |
|---|----------------------------------|-----------------------|----------------------------------|
| * Definition of a project (single/integrated)(section 3.1 IPCEI Communication)        | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| * Common European interest: Important contribution to Union objectives (points 14-15) | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| * Positive spillover effects (points 16-17)   | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| * General positive indicators (section 3.2.2)   | <input type="radio"/>            | <input type="radio"/> | <input checked="" type="radio"/> |
| * Specific criteria for R&D&I projects (point 21)                                     | <input type="radio"/>            | <input type="radio"/> | <input checked="" type="radio"/> |
| * Specific criteria for projects comprising of first industrial deployment (point 22) | <input type="radio"/>            | <input type="radio"/> | <input checked="" type="radio"/> |
| * Specific criteria on environmental, energy or transport projects (point 23)         | <input type="radio"/>            | <input type="radio"/> | <input checked="" type="radio"/> |
| * Importance of the project (section 3.3)   | <input type="radio"/>            | <input type="radio"/> | <input checked="" type="radio"/> |

### \* 6.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

More guidance and clarification from the Commission is needed on those eligibility criteria. So these criteria can be operationalized. Especially more guidance on the concept of first industrial deployment is welcome. Is the Commission considering specific criteria for projects on Artificial Intelligence and digitalization? Could the Commission give more guidance on the way knowledge and research results from IPCEI projects could be disseminated?

## 7. Are the compatibility criteria sufficiently clear:

|   | Yes                              | No                    | I don't know          |
|---|----------------------------------|-----------------------|-----------------------|
| * Necessity and proportionality of the aid (section 4.1)                          | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| * Prevention of undue distortions of competition and balancing test (section 4.2) | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |

### \* 7.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

More guidance and clarification from the Commission is welcome on these compatibility criteria. The Dutch authorities refer to the response on question nr. 1.

### \* 8. Individual companies participating in an IPCEI must provide a funding gap analysis for their individual project in relation to which they apply for aid (point 31).



Are there particular difficulties in identifying the funding gap of such individual projects?

- ☐ Yes
- ☐ No
- ☒ I don't know

\* 8.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

The Dutch authorities have not yet gained enough experience with IPCEI projects. However, the Dutch authorities see such a funding gap analysis as an essential part of getting to an IPCEI. First any other financing and support means should be adequately explored before an IPCEI should be considered.

\* 9. Are the requirements on eligible costs (notably those related to first industrial deployment projects – outlined in the Annex including footnotes) sufficiently clear?

- ☐ Yes
- ☒ No
- ☐ I don't know

\* 9.1. Please specify the reason for the answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

More guidance and clarification from the Commission is welcome. Especially for IPCEIs it is important that the requirements on eligible costs, notably of those related to first industrial deployment projects, are clear.

\* In practice

10. Is the spreading of information on ongoing or potential IPCEIs in relation to identified strategic value chains via the Commission's IPCEI Strategic Forum (managed by DG GROW) sufficient or should additional channels / platforms be used? If so, please specify which channel.

*5000 character(s) maximum*

Additional channels and platforms should be used. The identification of the strategic value chains as well as the way Member States or companies can participate in an IPCEI, should be transparent and accessible for all interested parties.

\* 11. Is the IPCEI Strategic Forum sufficiently integrated with existing policy/business initiatives?

- ☐ Yes
- ☒ No
- ☐ I don't know

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11.1. Please specify the reason for your answer, if possible with information on experience gained/real life examples.

*5000 character(s) maximum*

No, not yet. However, the Dutch authorities would like to point out that IPCEI is one way to promote Europe's position in sustainable value chains throughout the whole life cycle of products, but not the only way. Value chains can also be served by general instruments that already are in place, for instance Horizon 2020 /Horizon Europe. An IPCEI should not lead to disruption on the internal market and hamper SME's or value chains which are not an IPCEI.

\* 12. Can the gathering of the necessary information and administrative coordination for the Commission's assessment be improved?

- ☒ Yes
- ☐ No
- ☐ I don't know

\* 12.1. If yes, how?

*5000 character(s) maximum*

The Commission can clarify – for each phase of an IPCEI project - what kind of information would be necessary, by whom it should be provided and in what phase of the IPCEI State aid procedure it should be provided. Checklists could be very helpful.

## Final comments and document upload

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Is there anything else you would like to add, which may be relevant for the evaluation of IPCEI Communication?

*5000 character(s) maximum*

IPCEIs are of major importance on EU level. The Dutch authorities recognize the importance of identifying key value chains for Europe, that require joint, well-coordinated actions and investments by public authorities and industries from several Member States. Research, Development and Innovation support to industry through IPCEIs can be necessary to facilitate solving societal challenges where broader partnerships are needed and market failure prevents needed investments. IPCEIs may also be necessary to ensure that Europe builds economic leverage to stay or become a world industrial leader in such value chains. The IPCEIs are also a point of attention since high amounts of public support are likely. Therefore, an ex ante control mechanism by the Commission, to assess the impact on the competition on the internal market, is of major importance. This will enable the Commission to look into the spillover effects of the State aid. In this way it can be checked whether the potential large amounts of State aid also have beneficial effects (and not unduly negative effects ) on the internal market as a whole, in addition to the Member States providing the State aid. This does not alter the fact that for IPCEIs, a rapid state aid notification treatment is necessary.

If you wish to do so, you can attach a relevant supporting document.

The maximum file size is 1 MB

## **Background Documents**

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## **Contact**

[COMP-H2-IPCEI-EVALUATION@ec.europa.eu](mailto:COMP-H2-IPCEI-EVALUATION@ec.europa.eu)