



State aid rules on Important Projects Of Common European Interest (IPCEI) & relevant sections of the Temporary Framework

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State aid rules on IPCEIs



Background

- The notion of "Important Project of Common European Interest" is laid down in Art. 107(3)(b) TFEU as part of the State aid rules
- It is a specific possibility to find aid compatible with the internal market, but was in the past rarely used (e.g. some collaborative R&D programmes, some infrastructure projects)
- In 2014, the Commission revived this clause by adopting a dedicated Communication laying out the conditions for its application in all sectors. Until now, it was used for 1 infrastructure project decision (Fehmarn Belt rail-road link between Denmark and Germany) and for 2 R&D projects (Microelectronics with 4 Member States – DE, FR, IT, UK – and Batteries with 7 Member States – BE, DE, FI, FR, IT, PL, SE)

Advantages of an IPCEI (compared to other State aid rules)

- The existence of the **market failure** affecting the project can be presumed
 - Under normal R&D&I aid rules, this needs to be clearly demonstrated for larger projects
- The project can be aided up to 100% of the **funding gap** on the basis of a large set of **eligible costs** (detailed in Annex)
 - Under normal regional aid and R&D&I aid rules, there are upper limits and the closer to the markets, the lower the caps
- Costs of **first industrial deployment** (i.e. between pilot/demo line and *before* start of mass production) are considered eligible
 - Under normal R&D&I aid rules, this is not fully possible. Under regional aid rules, aid is only allowed for investment in assisted regions

What are IPCEI projects about?

- **Contribution to Union objective(s)** and significant impact on economic growth, sustainability, or value creation across the EU
- Project involving **more than one Member State**
- **Positive spillover effects** on internal market/Union society; benefits not limited to participating Member States & companies
- **Co-financing** by the beneficiary
- In case of R&D&I, projects must be of a **major innovative nature** or of important added value in the light of the state of the art in the sector
- First industrial deployment covered where it allows for the **development of a new product** with high R&D&I content or of a **fundamentally innovative production process**



Good practices for IPCEIs

- ✓ Openness for all Member States to be able to participate
- ✓ Involvement of the Commission in designing the IPCEI
- ✓ Intense (and early) cooperation/joint work streams between Member States; Member States build up the overall project together
- ✓ Certain coordination of timing and decision-making of Member States (e.g. budget commitments)
- ✓ Selection of participating companies via open calls
- ✓ Thorough preparation of all documents by the Member States
- ✓ If many participants: template documents are useful
- ✓ The approach in every IPCEI is case specific – different technologies

Relevant sections of the State aid Temporary Framework



Section 3.6: R&D aid for COVID products

Eligible for aid: R&D projects carrying out COVID-19 and other antiviral relevant research.

Projects started after 1.2.2020 are deemed to have an incentive effect; projects started before 1.2.2020 if the aid is necessary to accelerate or widen the scope of the project.

Aid up to 100% for fundamental research, 80% for industrial research and industrial development; bonus of 15%-points if more than one Member States supports the projects or there is cross-border collaboration.

Eligible costs related to all necessary costs for R&D (including trial testing, personnel costs, costs for digital and computing equipment, costs for IPR and conformity authorisations, etc.).

Aid may be granted in form of direct grant, tax advantages or repayable advance.

Aid beneficiary shall commit to grant non-exclusive licences under non-discriminatory market conditions to third parties in the EEA.



Section 3.7: Aid for testing and upscaling infrastructure for COVID-19 products

Eligible for aid: construction or upgrade of testing and upscaling infrastructures required to develop, test and upscale COVID-19 relevant medicinal products and treatments, medical devices and equipment, etc.

Incentive effect and aid instruments as for research projects.

Aid up to 75% of eligible costs; bonus of 15%-points if project finishes within 2 months from the moment of aid granting or if more than one Member States supports the projects. Also loss cover guarantee may be granted.

Eligible costs are all costs necessary for setting up the testing and upscaling infrastructure.

If project is not completed within six months a penalty of 25% of the aid amount is due per month of delay, unless the delay is due to factors outside the control of the beneficiary.

Access to the infrastructure is granted on the basis of market prices, in a transparent and non-discriminatory way to all users.



Section 3.8: Investment aid for COVID-19 products

Investment aid granted for production of COVID-19 relevant products, such as medicinal products and treatments, medical devices and equipment, etc.

Incentive effect and aid instruments as for research projects.

Aid up to 80% of eligible costs; bonus of 15%-points if project finishes within 2 months from the moment of aid granting or if more than one Member States supports the project.

Eligible costs are all investment costs necessary for the production of COVID-19 relevant products and the costs of trial runs of the new production facilities.

If project is not completed within six months a penalty of 25% of the aid amount is due per month of delay, unless the delay is due to factors outside the control of the beneficiary.

Aid shall not be cumulated with other investment aid for the same eligible costs;

Loss cover guarantee may be also granted.