



## REVIEW OF THE COMMUNICATION ON THE FRAMEWORK FOR STATE AID FOR RESEARCH AND DEVELOPMENT AND INNOVATION

The Spanish Ministry of Industry, Trade and Tourism made a contribution on May 20<sup>th</sup>. This paper is trying to explain further that contribution and brings a third idea (see part 3)

### 1. DEFINITION OF DIGITIZATION:

The definition given in the consultation document:

“1.3 Definition.

(h) '**digitalisation**' means the introduction of innovative digital technologies and/or solutions to improve and/or upgrade processes, products or service functionalities;”

It is quite scarce. We propose the following definition:

(h) '**digitalisation**' means the introduction of ~~innovative~~ digital technologies and/or solutions to improve and/or upgrade processes, products or service functionalities **or their cybersecurity**;

#### Justification

The definition includes the adjective "innovative" for the digital technologies or solutions themselves.

What does the Commission consider as innovative digital technologies or solutions? We understand that the implementation of digital technologies is already an innovative fact. As it is written in the definition, it seems that “existing” digital technologies, such as additive manufacturing, can be excluded.

Besides, a key point in digitization is cybersecurity. Digitization involves the processing of a multitude of sensitive data and the interconnection of systems that can be compromised in the event of cyberattacks.

According to the definition, it is not clear to us whether actions in the field of cybersecurity are included. Cybersecurity actions accompanying digitization should be able to be financed.

### 2. A SPECIFIC CATEGORY FOR DIGITIZATION IN THE BLOCK EXEMPTION REGULATION

A key EU objective is digitization; therefore, **Member States and EU must promote digitization.**

**It is necessary to have a category in the regulation** that reflects the EU's commitment to that objective and that facilitates the adoption of aid schemes by of the member states. There should be the following section:

*“Section 16: Aids for digitization”*

Bearing in mind that industry is a key economic activity and the Commission has set the object of increasing its contribution to the EU GDP, this section should include the industry digitization.

**The industry digitization involves 4 concepts of expenses and fundamental investments:**



- Acquisition of assets directly related to the production process: production equipment that already integrates connection and data reporting capabilities; sensory; collaborative robots; additive manufacturing equipment ...
- Acquisition of necessary assets (HW and SW) for interconnection and data processing, modelling, digital twins, virtual and augmented reality, as well as for cybersecurity...: computers, network equipment (firewalls, router); software...
- Technical assistance: companies that provide technological knowledge capable of implementing the solutions
- Expenses of own personnel

Those 4 concepts must be included in the exception. **Fixed assets for digitization must be eligible costs.**

### Justification

Currently, with the GBER, industry digitization actions can be framed within the following categories:

- In the case of SMEs:

#### Article 17: Investment aid to SMEs

Within this category, investments are financed for *the creation of a new establishment, the extension of an existing establishment, the diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment.*

However, not all digitization actions involve an essential change in the general production process:

- They can be actions aimed at making management decisions through artificial intelligence or big data mechanisms, ERPs or organizational processes.
- The introduction of collaborative robots or 3D printing can mean a change in some part of the process but it does not have to be in the general process.
- In the same way, the use of augmented reality or virtual reality can affect a part of the process and not the general production process, or artificial vision systems
- Actions aimed at improving the maintenance of facilities and equipment, such as the use of augmented reality or virtual reality, or sensors for data collection in this area
- Interconnection platforms with suppliers and customers

Does the COM admit this type of action in this category?; is it sufficiently lax in its interpretation of "essential change in the general production process"?

**We are not sure about the answer therefore we need a special category for digitisation.**

#### Article 28. Innovation aid for SMEs



In this category, the acquisition of fixed assets is not considered eligible cost.

- SMEs and Non-SMEs

Article 29. Aid for process and organizational innovation

In this category, the acquisition of fixed assets is not considered eligible cost.

**Fixed assets for digitization must be eligible costs.**

### **3. LARGE-SCALE COLLABORATIVE PROJECTS**

The Framework for State aid for research and development and innovation **should give a special treatment to large scale collaborative projects** of significant benefit to EU economy and its citizens.

We can define **Large-scale collaborative projects** as projects in cooperation between companies from the entire value chain of a sector, including large operators and with a significant participation of SMEs. It could be a requisite to ask for at least 6 participants in a project, of which at least 40% must be SMEs.

Those projects will be driving projects with long-term effects, carried out in a cooperative way, involving all or almost all the value chain. Moreover, they must have a significant impact on competitiveness, and contribute to the double green and digital transition established by the European Union.

The **criteria** to assess the projects in order to declare it as a LARGE SCALE COLLABORATIVE PROJECT could be the following:

- Projects must be of a major innovative nature or constitute an important added value in terms of R & D&I.
- Project must represent an important contribution to the Union's objectives, especially linked to the green and digital twin transitions, in accordance with EU priorities.
- Projects must be designed to remedy coordination and network failures derived from the lack of capacity of undertakings to coordinate with each other or to interact in order to deliver R&D&I due to difficulties in coordinating among a large number of collaboration partners.
- Projects must have an important collaborative nature, they must be designed to bring together public and private sectors to undertake large-scale projects, in qualitative or quantitative terms, involving important collaborative interactions in terms of number of partners, involvement of organisations of different sectors, or the involvement of undertakings of different sizes, especially between large companies and small and medium-sized. Participation of SMEs in these projects is essential, setting minimum participation rates (a minimum collaboration of 40% is proposed), thus preventing of undue distortions of competition.



- Projects must be designed as an 'integrated project', conceived as a group of single projects sharing a common structure and aiming at the same objective. The individual components of the integrated project may relate to separate levels of the supply chain but must be complementary and necessary for the achievement of the important European objective.
- The benefits of the projects must not be limited to the undertakings or to the sector concerned but must be of wider relevance, having systemic effects on multiple levels of the value chain.

**Spanish Ministry of Industry, Trade and Tourism**  
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