

Consultation response: Review of the Communication on important projects of common European interest (IPCEI)

Ford of Europe welcomes the opportunity to comment on the European Commission's Review of the Communication on important projects of common European interest (IPCEI). We believe that the IPCEI mechanism is a very important tool to foster the development and uptake of new technologies in Europe. Considering the substantial technological changes that the twin-transition to a greener and more digital economy will require from industry and society, we believe that IPCEIs should play a more prominent role to achieve the goals of this twin-transition.

The automotive industry is facing two disruptive and rapidly approaching structural changes, that have to be handled, financed and organized in parallel - carbon neutral mobility and autonomous vehicles. These fundamental changes are key enablers for the "EU Green Deal" and a new individual mobility and should thus be supported by IPCEIs in the EU. This is ever more important considering the context of a global pandemic that has hit European industry and will require substantial investments to recover from the economic damage.

In line with the objectives of this review, we believe that it is crucial to set the focus on projects relating to the European Green Deal, the Digital Strategy, the New Industrial Strategy for Europe and Next Generation EU. Furthermore, it should be evident that the revised Communication should remove barriers for stakeholders to participate in IPCEIs and enable broad participation from all sectors and many stakeholders. The goal should be to significantly increase the number of approved IPCEIs. It is of great importance that the basic concept of this valuable mechanism is not over-burdened with additional bureaucracy and leaves more flexibility to the involved Member States with regards to allocating their funds.

More concretely, it should be ensured that the thresholds set for impact ambitions should not be defined too vague or set too high in order to avoid stopping potential IPCEIs already at an early planning stage. At the local level, the state aid rules adopted to accommodate the IPCEI should not add any additional bureaucracy/conditions in terms of eligibility and monitoring the investment costs. Additionally, local budgets from where IPCEI projects are funded should be visible and well communicated to applicants in order to ensure investment security.

The draft Communication and the corresponding background paper stipulate "[...] to increase the minimum number of participating Member States, while keeping the possibility to have fewer participating Member States when justified by the nature of the project." Given the great challenges of the twin transition and the economic recovery from the global pandemic, it seems counterproductive to increase the threshold of participating Member States and thus increase administrative procedures and lead time. Future IPCEIs should be less restrictive in terms of Member State participation so that their set up is more agile and can better focus on delivering results.

Furthermore, we believe that the level of co-financing of such ambitious projects should not be restricted or pre-determined as "significant". Such a generalisation might discourage stakeholders to get involved and thus lower participation rates. Instead, each project support should be assessed and based on its own characteristics and needs. Similarly, the planned possibility of the European Commission to request Member States to introduce a claw-back mechanism can also be seen as a deterring factor, especially for SMEs. It should rather be left to each Member State to decide if such a mechanism should be introduced or not. Moreover, the repayment of grants should be linked to clearly established eligible violations.

To achieve greater and faster impact, we believe that IPCEIs should place better emphasis on first industrial deployment at scale. In this context, eligible costs should not cover only R&D&I but should also cover ready-to-deploy solutions. Regarding the eligible costs, it is essential that they are in line and designed to be applied to the respective project/sector. In this regard, it is crucial to clarify and better define the funding gap. Regarding the spillover requirement, we believe these criteria should be made more flexible.

Lastly, the draft Communication includes that the Commission will consider whether aid is conditional on the relocation of a production activity or any other activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. Whilst we fully support this measure and the integrity of the internal market, we would also encourage a flexible and targeted evaluation mechanism that especially takes into account the serious disturbances and damages of the Covid-19 pandemic on the industrial activity in the EU. Such a flexible framework, limited in time and scope, could support strategic projects related to the recovery of the industrial activity post-pandemic and help reorganize industrial activity in light of the twin transition.

We thank the European Commission for the possibility to comment on this communication and remain at your disposal should you have any further questions regarding our submission.