

# Public consultation - Review of the Communication on important projects of common European interest (IP-CEI)

## Overall comments

The Danish Chamber of Commerce believes that Europe should excel by competing – on a level playing field – with the rest of the world. Not by closing Europe or by picking winners – but by fostering an internal market that allows business to scale-up and grow large organically. Framework conditions is the name of the game – a competitive environment where the best businesses succeed – because they are the best – and not because they are subsidized by state aid or exempt from competition. In this view copying the state aid of certain third countries and hollowing out the competition rules will result in a global and possibly European state aid race – which Europe and smaller countries in Europe would eventually lose. It would also stifle innovation and create European near-monopolies with all the unfortunate effects that has.

Having said that there are widely recognized challenges stemming from the behavior of certain third countries that needs to be addressed. For us the solution is to use the existing Trade Defensive Instruments, the newly passed rules on Foreign Direct Investments and the instruments proposed in the White paper on foreign subsidies. These instruments should be applied judiciously and with a clear view to avoid protectionism – Europe must remain open for business.

As to the IPCEI communication more specifically, the Danish Chamber of Commerce recognizes that IPCEI may be one of the tools to address great market failures such as the climate crisis. However, it is of great importance to adhere to the fundamental principles of the Single Market when revising the IPCEI communication.

## Specific suggestions

### *Section 1, para 3*

To ensure effective competition in the Single Market, IPCEI should only be used to address instances of clear market failure. The reference to the very vague concept of “societal challenges” should be deleted. The focus should be on “proven market failures”.

### *Section 1, para 5*

The Danish Chamber of Commerce very much supports that the guidelines stresses the importance of SME involvement.

### *Section 2, para 10 (c)*

We very much support that EU law may not be used to favor products etc. from national providers which would not be in line with the principles of the Single Market.

### *Section 3.1, para 13*

The Danish Chamber of Commerce cannot support that projects only have to “significantly add value in their contribution towards the achievement of the European objective”. It should be maintained that the projects must be “necessary to achieve the European objective”.

### *Section 3.2., para 18*

The Danish Chamber of Commerce underscores the need for a more transparent and inclusive setup allowing all parts of the European business community to take part in the IPCEI processes. We therefore welcome the Commission’s emphasis on ensuring open and transparent calls of in-

terest in participating Member States. A further practical step to ensure transparency could involve an open platform with an overview of the ongoing IPCEI application procedures in all participating Member State.

*Section 3.2, para 20*

The Danish Chamber of Commerce supports that the project must involve significant co-financing by the beneficiary. However, it is important that it does not dissuade SME participation.

*Section 3.2, para 22 (d)*

The Danish Chamber of Commerce supports that cooperation between small and large companies is encouraged to ensure that the instrument does not favor large companies.

*Section 3.2, para 25*

The Danish Chamber of Commerce welcomes a clarification of the term "first industrial deployment" which was not evident in the previous guidelines. However, it is essential to maintain the focus on projects of a major innovative nature avoiding a protectionist use of IPCEI state aid to shield uncompetitive industries.

*Section 4, para 30*

To ensure effective competition in the Single Market, IPCEI should only be used to address instances of clear market failure. The reference to the very vague concept of "societal challenges" should be deleted. The focus should be on "proven market failures".

*Section 4.1, para 32*

When designing the IPCEI guidelines, the aim should be to simulate a competitive situation to the largest possible extent rather than enabling Member States to "pick the winners". The Danish Chamber of Commerce therefore supports that a strict assessment of the distortive effects of the aid by DG Competition is maintained including as regards the counterfactual scenario.

*Section 4.1, para 36*

The Danish Chamber of Commerce supports that IPCEI funding may be cumulated with EU funding. However, it is important to ensure that IPCEI participation does not become a rubber stamp that automatically generates privileged access to EU funding for a small number of (often large) companies to the detriment of innovation.

*Section 4.1, para 37*

The Danish Chamber of Commerce believes that state aid which is not in line with the IPCEI guidelines should be repaid. When designing the setup, the incentives for beneficiaries to maximise their investment and project performance should be carefully examined.

*Section 4.1, para 39*

The Danish Chamber of Commerce strongly opposes the introduction of para 39. In our view, copying the state aid of certain third countries and hollowing out the competition rules will result in a global and possibly European state aid race – which Europe and smaller countries in Europe would eventually lose. It would also stifle innovation and create European near-monopolies with all the unfortunate effects that has.

*Section 4.1, para 43*

It should be a requirement and not just a positive factor that a project is selected through a competitive and transparent process.

*Section 4.2*

It is essential to maintain the requirements that prevent undue distortions of competition and the requirements of the balancing test including an efficient application hereof. Member States have to be able to prove a market failure and DG Competition must continue to conduct a strict balancing test before the IPCEI instrument may be applied.

*Section 4.2, para 49*

The Danish Chamber of Commerce agrees that the Commission should ensure that IPCEI aid is not used to relocate jobs within the Union. State aid that contributes to relocation of jobs undermines both effective markets but also the trust in the EU institutions.

*Section 4.3, para 50 og 51*

The Danish Chamber of Commerce supports transparency as to the use of IPCEI aid while protecting legitimate trade secrets. 500.000 EUR seems to be a very high threshold. The Danish Chamber of Commerce would support more transparency surrounding smaller aid amounts.

Yours sincerely,

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