



Ministry of Enterprise and Innovation

Summary of the answer to the consultation of the European commission on the draft of the new IPCEI Communication

This is an unofficial summary in English of the answers of the Swedish government to the consultation of the European commission on the draft for a new communication on the criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest. This summary only includes the fundamental positions of the Swedish government. Feedback on the individual points are included in the Swedish version.

1. Given the current discussion regarding IPCEI on EU-level it is important that it is clarified that IPCEI is an *application of* and not an *exception from* the state aid rules and that it does not entail a *carte blanche* from the application of the state aid rules as such.
2. It is furthermore necessary that the application of IPCEI-communication is not made in a way that the level playing field on the single market is affected and that small Member States are put in a disadvantage. It is important that a balance in the projects is achieved in such a way that they are not always dominated by the largest Member States of the EU. IPCEI should as a main rule encompass a substantial part of the Member States. Otherwise, there is an increased risk that undertakings and Member States that experience that they have been disadvantaged see a need to initiate legal proceedings against certain IPCEI-decisions before court.
3. The COVID-19 crisis has led to a strained budget for many Member States and resulted in decreased possibilities for several to spend the

large resources needed to join. Accordingly, there is a considerable risk that Member States are forced to finance the participation of an IPCEI externally, thus increasing the total debt within the EU.

4. It is important that IPCEI remains a tool for overcoming market failures and thereby enabling project for the recipients that in all other aspects remain independent undertakings. The situations where public authorities can have a direct influence in the business considerations is when it is a public authority that carries out the economic activity that receives the aid, which should primarily occur in infrastructure projects.
5. It is important that there is a legal certainty in the assessment of state aid to IPCEI. This is among other things important to enable Member States and undertakings to form a well-funded opinion on what is needed to have a project approved. Accordingly, there should be clear criteria for the assessment, e.g. for compatibility and proportionality.
6. It is welcomed that the Commission can cooperate with the Member States to form projects and spread information to other Member States and interested parties. This shall however not mean that the Commission acts in a way that infringes on the Member States right to apply to give state aid and get an assessment.
7. Individual aid of limited extent according to the Regulation 651/2014 or the framework for State aid for research and development and innovation should be the primary way of giving aid to stimulate investments and to countervail market failures.
8. The Swedish government's general position is accordingly that the tool should be applied in a restrictive manner withing the strict framework that the state aid rules poses. IPCEI should not contribute to generally increased aid levels within the EU. IPCEI should only be used when sufficient steps have been taken to improve the eco-system for the undertakings in other ways. The application of the state aid instrument shall always be preceded by an assessment if it is motivated by a market failure in the individual case.