

IPCEI Consultation / ref. HT.4892

Comments by VTT Technical Research Centre of Finland

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	VTT comments
1. INTRODUCTION	
2. IPCEIs may represent a very important contribution to sustainable economic growth, jobs and competitiveness for industry and the economy in the EU in view of their positive spillover effects on the internal market and the society as a whole.	When addressing market or systemic failures, it is important to focus on time spans and integral value chains in order to achieve the spill-overs.
3. IPCEIs make it possible to bring together knowledge, expertise, financial resources and economic actors from across the EU, in a bid to address important market or systemic failures and societal challenges that could not otherwise be addressed. They are designed to bring together the public and private sectors to undertake large-scale projects of significant benefits to the EU and its citizens.	<p>Market actors do not always have the necessary knowledge and expertise inhouse.</p> <p>Before companies decide to enter first industrial deployments, they often need RTOs' foresight capacity and open access technology infrastructures, to support the scale-up.</p> <p>Innovative procurement by cities and other public sector actors is in key role when addressing market and systemic failures.</p>
6. The deployment of IPCEIs often requires a significant participation from public authorities since the market would not otherwise finance such projects. Where public financing of such projects constitutes State aid, this Communication sets out the rules that apply in order to ensure that the level playing field in the internal market is preserved.	<p>It is important to have parallel RDI actions to bridge obvious challenges with schedules: There is a lot of time-consuming coordination and exchanges between MS and industries.</p> <p>It is important to join already in the design phase. Especially innovative SMEs may find this challenging. (Joining later is possible but not recommended due to all additional and time-consuming checks of extra benefits, integration etc.).</p>
3.1 Definition of a project	
13. The Commission may also consider eligible an 'integrated project', that is to say, a group of single projects inserted in a common structure, roadmap or programme aiming at the same objective and based on a coherent systemic approach. The	It is important to have a possibility to link with parallel public-private RDI actions / programmes in the Member States or at EU level (e.g. Horizon Europe institutionalised partnerships).

individual components of the integrated project may relate to separate levels of the supply chain but must be complementary and significantly add value in their contribution towards the achievement of the European objective.	
3.2 Common European interest	
15. The project must represent an important contribution to the EU's objectives, for example by being of major importance for the European Green Deal, the Digital Strategy and European Strategy for Data, the New Industrial Strategy for Europe, Next Generation EU, the new European Research Area for research and innovation, the new Circular Economy Action Plan, or the EU's objective to become climate neutral by 2050, among others.	It is important to secure a coherent approach in the ERA Actions, in particular ERA Action nr 5 (defining technology roadmaps) and ERA Action nr 10 (setting up a governance mechanism for technology infrastructures).
18. All Member States must be given a genuine opportunity to participate in an emerging project. Unless justified by the nature of the project, notifying Member States must demonstrate that all Member States were informed of the possible emergence of a project, including by way of contacts, alliances, meetings, or match-making events, and given adequate opportunity to participate.	RTOs collaborate actively in innovation networks across the EU, collaborating with industry, public sector and academia. The role of RTOs can be substantial to reach the goal of broadest information sharing.
22. e) The project involves co-funding from an EU fund in direct, indirect or shared management.	European partnerships in the Horizon Europe Programme should be considered for mobilising of co-funding.
23. Research & Development & Innovation ("R&D&I") projects must be of a major innovative nature or constitute an important added value in terms of R&D&I in the light of the state of the art in the sector concerned.	Member States should consider the synergy opportunity by linking their public-private programmes (under GBER) with the IPCEIs (under State-aid exemptions).
24. Projects comprising of first industrial deployment must allow for the development of a new product or service with high research and innovation content and/or the deployment of a fundamentally innovative production process. Regular upgrades without an innovative dimension of existing facilities and the development of newer versions of existing products do not qualify as first industrial deployment.	Capital investment in Open Access Technology Infrastructure for upscaling of fundamentally new production processes is critical to achieve first industrial deployment within an IPCEI. (See paragraph 25)
25. For the purpose of this Communication, first industrial deployment means the upscaling of pilot facilities, demonstration plants or of the first-in-kind equipment and facilities covering the steps subsequent to the pilot line including the testing	Capital investment in Open Access Technology Infrastructure for upscaling of fundamentally new production processes is critical to achieve first industrial deployment within an IPCEI.

<p>phase, but neither mass production nor commercial activities. First industrial deployment activities can be financed with State aid as long as the first industrial deployment follows on from an R&D&I activity and itself contains a very important R&D&I component which constitutes an integral and necessary element for the successful implementation of the project. The first industrial deployment does not need to be carried out by the same entity that carried out the R&D&I activity, as long as the former acquires the rights to use the results from the previous R&D&I activity, and the R&D&I activity and the first industrial deployment are both covered by the project.</p>	
3.3 Importance of the project	
<p>27. In order to qualify as an IPCEI, a project must be important quantitatively or qualitatively. It should be particularly important in size or scope and/or imply a very considerable level of technological or financial risk.</p>	<p>The more ambitious the project, the more risk there is. The risk is both technological and financial. RTOs can play a crucial role in sharing the technological risk.</p>