

Response to the Commission's Review of the Communication on important projects of common European interest (IPCEI)

EUROCHAMBRES believes that IPCEIs are relevant instruments for the development of technological breakthroughs, allowing businesses to advance their research, development and innovation efforts and act as an engine to help overcome the economic damage linked to the COVID-19 pandemic.

However, the IPCEI framework needs to be further streamlined and simplified, in accordance to the Think Small First principle, to ensure the effectiveness of EU funding, guarantee the enhancement of smaller industrial research projects, and strengthen investment and innovation in SMEs.

Introduction

EUROCHAMBRES welcomes the opportunity to comment on the review of the Communication on important projects of common European interest (IPCEI). Chambers believe that IPCEIs have allowed for the development of new technological breakthroughs in infrastructure and other large projects, mobilised with the public support of Member States, and scaled through private financing and regional collaborative investments.

The process of developing disruptive technologies and their large-scale deployment often involves financing needs that cannot be met by private actors alone. All these partnerships could help finance large-scale projects, closing the funding gap. These initiatives also have positive spill-over effects across Europe, using the knowledge of SMEs, big companies, researchers, and regions to help remove barriers to innovation, improve policy coherence, and stimulating the implementation of transnational projects without contravening EU rules on state aid.

EUROCHAMBRES would like to highlight five key recommendations relevant for the business environment:

1. Strategic Cooperation

The promotion of strategic cooperation should be a priority so that SMEs manage to take part of critical mass of resources and essential capabilities to invest, undertake new projects and channel resources for their own recovery. Public-private collaboration is even more relevant to take advantage of the financial resources allocated to national recovery from the COVID-19 crisis.

EUROCHAMBRES agrees to a certain extent with the objective of pushing for greater technological sovereignty and strategic autonomy within the EU. However, IPCEIs should be used wherever necessary, not wherever possible, in order to ensure long-term competitiveness on global markets for the industries that are being build up.

In any case, large-scale industrial development projects on low carbon industries, the internet of things or the development of 5G, should be made more accessible for SMEs building up on important parallel financing contributions given by the Innovation Fund, the European Invest Fund, or the Horizon Europe Programme.

2. Simplification and better articulation in terms of objectives

- Chambers believe that IPCEI framework needs to be further streamlined and simplified, in accordance to the “Think Small First” principle, to allow for smaller industrial research projects to acquire the IPCEI status, increase the margins for investment and innovation in SMEs, and spur more interdependency on EU value chains, and
- The Commission should also articulate the Communication’s priorities with the objectives of the European Research Area and other major R&D&I initiatives of the Horizon Europe Programme, in particular European Partnerships.

3. Governance

- Clarify the roles and responsibilities of key stakeholders in the preparation phase of an IPCEI, and strengthen the active role of SME representatives in the project’s design, selection or governance,
- As regards inviting additional Member States to join IPCEIs, point 17 and 18 should provide more indications about the timeframe, the form of such invitation and the process, allowing Member States to undertake the necessary démarches to launch and structure initiatives in a short timeframe,
- EUROCHAMBRES welcomes the inclusion of an explicit proportionate assessment. Such exercise should take into account e.g. the linkages between the direct and the indirect partners in each project. The Commission could also provide guidance for designing IPCEI projects that increase the spill-over effects to SMEs in the project’s value chains, and
- Raise visibility about the opportunities offered by the IPCEI framework to SMEs through awareness-raising campaigns.

4. Notions and Definitions

- Despite the concept of “Integrated Projects” being more precisely defined, the difference with the notion of “single project” remains difficult to understand and could be better delineated,
- Notion of “market or systemic failure” could be better outlined,
- The definition of “First Industrial Deployment” is not precise enough for an appropriate delimitation of the activities falling in this category,
- The introduction of a claw-back mechanism in point 37 enhances the level of uncertainty about the amount of aid projects will receive. This mechanism should be better delineated as to how and to what extent it would apply, and
- The obligation to provide relevant internal documents of the beneficiaries in support of the contrafactual scenarios must be managed in accordance with the likely sensitive/confidential nature of the information, and
- Indicate in the specific criteria the integration with sustainability-linked projects, while allowing the alignment of schemes, making sure to consider value chains

rather than individual process steps and suitable input material demand including energy and raw material supply.

5. Financial aspects

- Extend the co-financing possibilities to additional EU funding sources and clarify the funding gap calculation as beneficiaries cannot easily estimate the appropriate level of support based on this funding gap in relation with the eligible costs mentioned in the Annex;
- Allow funding until the project is economically viable with a maximum duration of up to ten years (in light with EU-ETS IF funding) instead of funding until “mass production” has been achieved. Such provision could also integrate by allowing mass production as long as innovative elements are under development,
- For projects investing into installations with a long lifespan, the funding gap calculation should not be calculated according to the full lifetime of the investment, but rather be confined to the duration of the project,
- A provision could be added leading to consider the relevant costs of project proposals submitted to the Innovation Fund or the Emissions Trading System, as being equivalent to and compatible with the IPCEI funding model, and
- As part of its cost-benefit analysis and in order to guarantee the quality of future projects, the Commission could also quantify the total public financial support given to SMEs within each IPCEI, while guaranteeing that business-sensitive information remains confidential and accessible only to supervisory authorities.

EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 98% of which are SMEs – through 45 members and a European network of 1700 regional and local Chambers.

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