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PRELIMINARY CONTRIBUTION FROM FINLAND regarding the draft Communication from the Commission on 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

The Commission has invited the Member States to submit written comments on the draft Communication on 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 ("IPCEI"). The following preliminary comments are the result of consultations between competent ministries and stakeholders subject to the approval of the Finnish parliament.

General remarks

Finland supports the initiative to revise the IPCEI communication. The EU's State aid rules must ensure fair and predictable operating conditions for business and industry. The EU's State aid rules must enable the granting of aid to activities that promote sustainable growth in the EU and in Finland. At the same time, a key objective of State aid regulation is to limit distortions of competition in the internal market and to ensure a level playing field for all companies. In Finland's view, the State aid rules for Important Projects of Common European Interest (IPCEI) must be revised on the basis of these basic principles.

IPCEI projects can promote the development of highly innovative technologies and strengthen value chains in the EU that are important for Europe's competitiveness. This is why less stringent State aid rules are justified. Industrial renewal requires not only extensive cooperation but also investment in order to succeed. Finland considers it important that the different EU funding programmes and instruments are able to support European research and innovation activities that increase industrial competitiveness and the piloting of new technologies and circular economy solutions, while taking into account the conditions and strengths of different regions.

At the same time, the State aid rules on IPCEI projects must ensure that companies operating in the EU enjoy a level playing field and that the internal market remains as open and competitive as possible. In terms of its content, the State aid regulation on IPCEI projects is already lighter than other EU State aid regulation, and it is not appropriate to ease regulation or to exempt funding of IPCEI projects from the obligation to notify the Commission in advance. This is important, because small Member States or Member States with limited resources, in particular, do not have the same possibilities as larger Member States to support industrial renewal of major significance to themselves.

Finland welcomes as generally positive:

The decisions affecting IPCEI project planning, which require that the design of IPCEIs is carried out in a fully open and inclusive manner to all Member States and companies.

The improved opportunities for SMEs to participate in IPCEI projects. However, it would also be useful to include in the communication concrete measures that will contribute to the achievement of this objective.

The clarification of concepts. However, key concepts, such as 'market failure' and 'integrated project', should be defined in more detail for the sake of legal certainty and predictability.

Criteria for granting support

It is important to allocate the aid to IPCEI projects correctly, so that they genuinely strengthen the EU's competitiveness and competitive conditions in the internal market. Finland considers it important that the State aid rules for IPCEI projects allocate the public aid of EU Member States to address identified market failures and to projects where the aid has a genuine incentive effect.

Finland supports the proposals contained in the draft communication, which could limit potential distortions of competition in the internal market caused by IPCEI projects. For example, the Commission's proposal to require a significant proportion of self-financing from the recipient of aid. Finland also considers it justified that aid could not be granted to companies in financial difficulties that participate in IPCEI projects. A separate statement on conditions of IPCEI project funding, that outlines that relocating activities from the territory of a Member State to the territory of the Member State granting the aid would be harmful to the internal market, is also a needed addition.

Finland also draws attention to the fact that making the "do no significant harm" principle of the European Green Deal an absolute condition of IPCEI project funding is a significant change. In further preparation, Finland considers it important that the application of the principle does not lead to unreasonable administrative burdens for companies or conflict with existing EU legislation, and that more detailed guidance on the application and criteria of the principle is provided.

In addition, Finland has reservations about the matching clause contained in the draft communication, which enables increases in IPCEI project funding to the level of non-EU countries. Although it has never been used, the rule enables the granting of significantly higher amounts of aid in the internal market, which could lead to a subsidy competition between Member States.