

Feedback to the Draft revised Communication on Important Projects of Common European Interest (IPCEI)

The European chemical industry is a key enabler to achieve the EU objectives in particular the Green Deal. Such ambitions will require significant investment in the chemical industry and access to funding is critical to develop innovative technologies at scale in record time - within one or two investment cycles.

It is important to foster investments in Europe that contribute to ensure its technological sovereignty, industrial leadership and economic competitiveness in key technological areas and sectors while staying open and compliant with state aid rules and international trade law. Important Projects of Common European Interest (IPCEI) can play an essential role in the transformation of the chemical industry toward a more circular and climate neutral economy.

The consideration of the new Commission priorities and recent EU policy developments – in particular the European Green Deal, the Digital Strategy, the new Industrial Strategy and Next Generation EU - in the revised Communication on IPCEI is very welcomed.

While the definition of the **funding gap** remains unchanged in the draft Communication, the evaluation of the funding gap should be clarified, as it is not clear how the technological, financial and regulatory risks involved can effectively be taken into account. The definition of the counterfactual scenario and the proposed definition for the funding gap can make the evaluation of the necessity and proportionality of the aid difficult. The maximum permissible grant amount is limited by the eligible cost and the funding gap. A clear rule about how to discount the funding when comparing the grant to the funding gap is needed.

In the new draft Communication it is specified that “state aid to promote the execution of IPCEIs may be cumulated with EU funding or other State aid, provided that the total amount of public funding granted in relation to the same eligible costs does not exceed the most favourable funding rate laid down in the applicable rules of EU law”. The IPCEI should aim at **facilitating the combination of funding** from different sources and better coordination with other R&D&I programmes in Europe. A better coordination of the EU and national funding programmes, for example through a “single window” approach, and of policies is essential to ensure that industry can access the required finance to enable the transition to a more circular and climate neutral economy. A structured approach to facilitate the combination of funding - from EU as well as Member State programmes - and make it manageable from submission to reporting should therefore be addressed in the framework of the revision of the Communication. An alignment of the rules for EU, regional and national programmes is needed to really enable combined funding and seamless integration of European umbrella projects.

The definition of openness and inclusiveness with regard to **Member States** is further developed in the proposed draft Communication as well the increased minimum number of participating Member States. While it is specified that all Member States have to be informed of the possible emergence of a project it would be interesting to understand how Member States could join an existing IPCEI. To speed up the implementation of IPCEIs, it would be recommended to allow for the launch of IPCEIs - open to all Member

States - by an initial core group of Member States and propose a procedure for other Member States to join an existing IPCEI.

The revised definition of the **Integrated project** specifies that “the 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”. The overall contribution of the individual components of the integrated project should be assessed rather than the added value of the individual components. In order to effectively address EU objectives, it is essential that the framework of rules for IPCEIs allows for a real umbrella IPCEI with a multiple projects approach that can support the development of a portfolio of different types of technology options - including technologies at different TRLs.

As speed is essential, future IPCEI rules should include that the invitation to submit a project portfolio that can serve as the permit to start first activities (at the own risk of the applicant) to allow participants to gain time in the implementation of the project.

Rules regarding the preparation and reporting should ensure **protection of business confidential information** while facilitating synergies for the creation of an ecosystem for the strategic value chain related to the IPCEI.

Further explanations on the roles and responsibilities of key stakeholders in the preparation phase of an IPCEI would be helpful. Clarification on the active role of the Commission - or any legal body to which the Commission has delegated its powers - in the project’s design and/or selection and/or governance and the possible options to involve the Commission in the process would be welcomed.

Although the concept of IPCEI is highly relevant to address key EU priorities further guidance - beyond the proposed new draft Communication - on how to effectively proceed to enable successful and speedy implementation of IPCEIs would benefit to all stakeholders from the innovation ecosystem including SMEs and large companies.

While contributing to this consultation we remain very aware we are all still experiencing unprecedented times. As Cefic, we aim to maintain a high standard in our responses. Europe’s industries will have to cope with the impacts of this crisis while ensuring investments support a climate-neutral Europe. We therefore look to the European Institutions to undertake the appropriate assessments and set a framework ensuring the EU’s post-crisis attractiveness as an investment destination while achieving EU Green Deal objectives.

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About Cefic
Cefic, the European Chemical Industry Council, founded in 1972, is the voice of large, medium and small chemical companies across Europe, which provide 1.2 million jobs and account for 16% of world chemicals production.