

Brussels, 23 April 2021

Orgalim contribution to the European Commission IPCEI Consultation

Executive summary

Orgalim considers that the draft European Commission 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” is a positive step in the right direction.

In particular, we welcome;

- the proposed enhanced involvement of SMEs in different Member States as a positive indicator
- the proposal to increase the minimum number of participating Member States

1. The importance of open competition

Orgalim welcomes the opportunity to provide comments to the Commission public consultation on the draft Commission Communication¹ 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”.

As outlined in our contribution to the Commission Communication on Industrial Policy², Orgalim insists that the IPCEI instrument is, and should remain, an exception, to be used only in case of clear market failure.

The fundamental commitment of the European Union and its Member States to healthy and open competition on the EU Internal Market must remain in place. IPCEIs must not be considered as a tool for artificially shielding sectors from market developments, notably in the areas of digitalisation and decarbonisation.

2. Transparency, flexibility and SME participation

Where the IPCEI instrument is used, it needs to drive investment into innovative areas. It should also contribute to the emergence of networks of interdependent and interlinked economic actors creating future added value around a product, a process or a service. For a successful future use of IPCEIs, more analysis of processes, procedures, timelines, transparency of the agenda between the Member States and the Commission, and proper stakeholder involvement is essential.

¹ https://ec.europa.eu/competition/consultations/2021_ipcei/draft_communication_en.pdf

² <https://orgalim.eu/position-papers/eu-industrial-strategy-unlocking-power-industrial-innovation-create-prosperous>

- **SMEs'** participation in IPCEIs should be facilitated, e.g. by enabling SMEs to participate in and contribute to large-scale IPCEIs. In this respect, we welcome that SMEs are encouraged to (§ 22.d) and facilitated in (§ 5) participating in IPCEIs. SMEs might require dedicated additional means to prepare for the project and further support for its duration.
- IPCEIs should be transparent and open to **as many EU Member States as possible**. We welcome the increased minimum number of participating Member States, and would be open to a further raising of the minimum requirement. Broader participation encourages the spread of possible positive outcomes/effects by diversifying benefits geographically; and limits the possibility that a small number of Member States repeatedly utilise the instrument to the advantage of their domestic industry – thus limiting the risk of market distortions. We stress that a smaller number of participating Member States would only be justified when meeting the conditions in footnote 17. We would welcome a clarification on what constitutes benefitting a "wide part of the EU". We also welcome the requirement that all Member States must be informed of emerging projects and given an adequate opportunity to participate. This could be further developed to ensure that the private sector can stay informed of emerging projects and the progress of ongoing projects. We also propose that an *ex-ante* consultation with the Member States and stakeholders should be introduced before an IPCEI project is shared with the Commission for final approval. This will allow all Member States and stakeholders to assess whether they want to participate in, or see any potential conflict in, the specific project.
- We support the objective that IPCEIs should **generate additional benefits**. At the same time, the administrative burden on companies should be minimised. Data sharing, publication obligations, intellectual property licencing etc. should be in line with the project targets, respecting confidentiality requirements and intellectual property rights.

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Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of €2,298 billion, manufacturing one-third of all European exports and providing 11.55 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.

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