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WORKING DOCUMENT

From: Presidency
To: Working Party on Competition

Subject: Comments from Member States to the Presidency discussion papers on the Important Projects of Common European Interest (IPCEIs)

COMMENTS FROM MEMBER STATES TO THE PRESIDENCY DISCUSSION PAPER ON THE IMPORTANT PROJECTS OF COMMON EUROPEAN INTEREST (IPCEIS)

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Questions for all Member States (see WK 1452/25):

1. What are the **most common and practical problems** (both at national and external level) you encounter in your country that prevent you from getting involved (in the required manner) in IPCEI projects? Are these issues of poor communication between EU/national administration institutions or among stakeholders at national level, or between institutions and entrepreneurs, or perhaps lower recognition of IPCEI mechanisms in your country, or perhaps some others? How these problems can be addressed?
2. Does the **JEF-IPCEI** perform its role well? If not, what exactly should be improved?
3. What in your view/experience are your **main concerns regarding the IPCEI process**? Which phase of the process (identification, design, assessment, implementation) do you find more challenging and why? Do you find the assessment of individual company projects from DG COMP useful and if not why?

1. COMMENTS FROM BELGIUM

WP Competition – 17/02/25

Point 4 : Important Projects of Common European Interest

Messages clés

Question 1:

- BE est **globalement satisfaite** du déroulement du processus IPCEI.

Question 2:

- Le JEF IPCEI apporte une **meilleure gouvernance et plus de transparence**. Les accords structurels relatifs aux partenaires associés constituent une réelle plus-value, notamment pour favoriser la participation de PME.

Question 3:

- Les principaux problèmes sont :
 - o La **longue période de notification**, entre le moment de la soumission du projet et son approbation ;
 - o Le **risque d'une course aux subventions** entre les Etats membres aboutissant à des conditions de concurrence inégales ;
 - o La **modification des règles** au cours du processus.

Courtesy translation

Question 1:

- BE is **globally satisfied** with the progress of the IPCEI process.

Question 2:

- The JEF IPCEI brings **better governance and more transparency**. The structural agreements relating to the associated partners are a real added value, in particular for encouraging the participation of SMEs.

Question 3:

- The main problems are:
 - o The **long notification period**, between the time of project submission and its approval;
 - o The **risk of a subsidy race** between Member States leading to unequal conditions of competition;
 - o **Changing of the rules** during the process.

2. COMMENTS FROM CZECHIA

Question 1:

The Czech Republic's government policy statement supports IPCEI projects. At the national level, there is still a lack of awareness of the possibilities of the projects, as it is (so far) a new format of international cooperation in the field of scientific research projects. We consider communication at the level of EU institutions as sufficient, but changes need to be made among national stakeholders in three following areas:

1. sufficient analysis of funding opportunities for IPCEI projects,
2. the development of a single platform for the assessment and pre-selection of projects at national level,
3. sufficient support during the sustainability and implementation of the notified projects, it is about the funding and administration of already running projects.

This can be addressed, the JEF IPCEI platform provides an analysis of funding opportunities (ad 1) as well as a uniform methodology for the selection of candidate projects so that there are no qualitative differences between Member States (ad 2). **WG EU co-financing** is preparing a good analysis related to funding; preparation of structure and methodology will be discussed by **WG National Best Practices, WG Indirect and Associated Partners and WG Dashboard**.

Project support (ad 3) has a new structure in the Czech Republic, which is an umbrella for possible IPCEI projects and its main purpose is to ensure the sustainability of the projects and to create a financial background for the projects.

Question 2:

Yes it does. We particularly appreciate the work of the **EU co-financing Working Group**, especially the mapping of suitable financial instruments and those that can be excluded.

Possible financial instruments are:

- Cohesion Fund
- Innovation Fund
- Digital Europe Programme
- European Defence Fund
- European Space Programme
- Horizon Europe
- Connecting Europe Facility
- InvestEU
- ITER
- LIFE

- Just Transition Fund
- Recovery and Resilience Facility (RRF)
- EU4Health
- Euratom
- Modernisation Fund
- European Regional Development Fund
- RePowerEU
- STEP

Out of scope are: TSI, SMP, RescEU - Erasmus+ - Creative Europe, NDICI, Just Transition Mechanism - Public Sector Loan Facility

In particular, the possibility to support Type I funding - MS envelopes programmes under shared management, e.g. RRF, ERDF, CF should be improved. There is a problem of compatibility of rules for IPCEI projects. We also expect better clarification for the Type II group of resources - managed on European level, e.g. Innovation Fund and EIB.

Currently there is no fast-track for IPCEI projects, EU programmes do not have IPCEI specific facilitations in place for funding IPCEI projects. The timelines and governance of EU programmes and IPCEI can be fundamentally different.

The Czech Republic has used the RRF for financing, partly under notification and partly using GBER for associated projects. It appears that national implementation can then be stricter than required by EU regulations.

Question 3:

The IPCEI process has various sources of funding. Primarily this should be national funding and this brings the risk that some Member States will not have sufficient resources for the period of 5 years (depending on the length of implementation). International projects may be at risk.

We consider implementation to be the most challenging phase of the process. It involves a combination of reporting for the corresponding financial instrument and also for IPCEI project management.

We consider the evaluation of projects by DG COMP to be essential. It offers a uniform methodology in comparison to Member States which may have different ones. We therefore prefer matchmaking, prenotification and self-notification over to the importance of selection at national levels.

3. COMMENTS FROM ESTONIA

In order to develop new innovative technologies and business models, the concept of Projects of Common Interest (PCI) and Important Projects of Common European Interest (IPCEI) needs to be reviewed to ensure transparency and funding for small countries and small and medium-sized enterprises. The criteria for such projects must continue to allow for the granting of state aid only to important cooperation projects that promote common European interests.

Comments regarding awareness of IPCEIs and communication:

- Addition of associated partners and indirect partners and accompanying flexibility of rules and requirements have increased interest and involvement in IPCEIs;
- The creation of JEF IPCEI has significantly improved information exchange between member states, making it more coordinated and efficient;
- Finding the right contacts and obtaining relevant information has been a challenge when joining the design phase of an IPCEI after its endorsement phase. A possible solution would be to issue a final invitation to all member states to join an IPCEI before moving forward to the design phase and maybe also after the initial Fiche has been created.

Comments regarding general challenges of IPCEIs:

- Currently the main issues relate to state aid accumulation rules and insufficient funding. IPCEI oriented financial instruments /grants would be highly beneficial;
- Collecting project plans before member states have secured funding;
- Partner withdrawals and deviations from project timelines.

Challenges in different project phases:

- Identification: IPCEIs must align with EU policies, but there are instances, where key policy documents are often still being developed, leading to later modifications in the project and/or delays;
- Design phase of IPCEIs: the initial scope which has been endorsed by member states is often too broad, requiring time-consuming refinements in the design phase;
- Assessment: we are still gathering input at this stage;
- Implementation: The biggest issue is budget constraints - lack of funding to start projects immediately after receiving state aid approval causes delays and withdrawals.

4. COMMENTS FROM GREECE

Greece is participating actively in the JEF-IPCEI at both technical and high level and is represented by The Ministry of Development and The Ministry of National Economy and Finance, each one participating to JEF-IPCEI working parties accordingly to its competencies. Moreover, Greece has secured participation in three IPCEIs, namely EuBattin II, Hydrogen Tech & Use and Microelectronics II. Based upon this experience we suggest the following:

Question 1:

We have identified two major sources of concern:

-It is a challenge for MS to ensure effective cooperation among competent authorities for projects that fall within the competency of different Ministries. We would welcome the exchange of good practices in this field, as we see that there is a need for enhanced inter-ministerial coordination.

-The second concern is the issue of medium to long term commitment of securing financing for long term projects – the large ones in particular. Many MS, including Greece, operate on an annually approved Budget including funds reserved for state aid or other development schemes. However, EU programs and funds require long-term planning on the basis of specific time landmarks. Taking into account that significant modifications in national budget lines require time, we believe that the development of specialized IPCEI-oriented funds should be considered, as also suggested in the Draghi report.

Question 2:

Based upon our participation experience, we support that JEF – IPCEI performs sufficiently well. However, at the decision-making level, we suggest that more time and elaboration at MS level, before taking final decisions, could result to a more effective and efficient procedure.

Question 3:

As regards DG COMP, we confirm that their involvement is of high value for the overall IPCEI process and it should be safeguarded. Regarding the first part of the question, we would like to stress the issue of inclusiveness: we must ensure that IPCEIs procedures and choices, especially in terms of the selection of areas of strategic (technological) importance, ensure to the degree possible inclusiveness. The identification of new areas of strategic importance should present sufficient interest for most MS economies, while at the same time taking into account SMEs capabilities and specificities to ensure the necessary spill-over effects, as SMEs remain a very important part of productive value chains.

5. COMMENTS FROM FINLAND

Concerning IPCEIs:

- Finland agrees that IPCEIs serve as an instrument in strengthening the European value chains and ecosystems in well-targeted strategic sectors.
- When tackling global competition, the main idea behind IPCEIs, **the excellence base, should remain the guiding principle also in the future**. This is a core of our competitiveness. This is also an important element contributing to the first pillar of Competitiveness Compass (Closing the innovation gap).
- It also follows, that the **criteria for market failures should apply**. IPCEI should not turn to an **instrument to subsidize mass production**.
- Instead, **IPCEI's have a role in promoting the first industrial deployment, piloting and demonstrations**. Hence, well targeted IPCEI's promote also the target of scaling up.
- **Finland calls for a proper impact analysis of IPCEIs**. It is import to share information on the real impact of IPCEI projects on investments as well as for Sigle Market in more general terms.

6. COMMENTS FROM CROATIA

Croatia – Council of the European Union – 17 February 2025

Agenda item 4. – Important Projects of common European Interest

Questions 1:

Regarding mentioned issue(s), first of all, we would like to stress out that Croatia welcomes all the efforts made by the Commission in process recognizing the way how to facilitate the design of new IPCEI projects and the benefits expected from IPCEI. The level of communication achieved through the JEF and HLF between the EC and the Member States is extremely good.

Therefore, Croatia supports further efforts initiated by the EC and will seek to contribute to the JEF/HLF communication. It is particularly important to take into account and define a model that will allow and include many inputs that will assure pre-conditions for clearer and strong action by all stakeholders involved.

- Following this issue, we would like to point out and share with you that we see as the main problem at this point the time from the moment of initial interest to the fulfilment of a large number of conditions and the start of work on the project. In our opinion time consuming is the most important fact that we can recognize within IPCEI procedures and arise problems through providing mechanism.
- Also, we think that the process is partly fragmented due to administrative burdens. Referred fact can have impacts on further measures and complicates the entire process tending to the realization of IPCEI projects.
- The time-to-authorization period of two years and more is by no means a good message for the implementation of IPCEI projects. Some kind of model of ‘fast track’ mechanism should be considered in future. It should be considered in more details esp. through the work and initiatives of JEF.
- In addition, different co-financing models could be considered and developed within the JEF and EC positions, for example through the design of new financial instruments such as IPCEI Bonds and similar special vehicles (including the EIB and other funds on the market as a part of IPCEI strategy). In that way, on some stage it could be desirable to adopt detailed IPCEI strategy and recommendations made by EC in co-operation with MSs and corporate sector.

- In that context eventually, the EC/MS could appear as a separate financial market investor in specific issuances of tailor-made financial instruments. It would be worth to consider, or examine such a solution(s). Such an approach can be ultimately considered through further efforts between stakeholders esp. within JEF/HLF.
- In this part, we see the potential for progress on these risky projects. A greater focus on financing through financial markets could speed up this process. If the same were chosen, it is necessary to standardize the pre-conditions for such a specific funding method.
- Regarding above mentioned, it can be considering through the various financial instruments of investment in IPCEI. For an example in the future develop IPCEI framework, EU projects can also be targeted by entering through the ownership structure, returns on invested capital with exit from the ownership structure, claw back options or similar goals. Depending on many factors, but on some stage of development maybe it is not unachievable method how to speed-up the innovative concept and EU competitiveness.
- Also, these are all common mechanisms for the functioning of the financial market that could be considered if they contribute to speeding up the implementation of the IPCEI project.

As regards Croatia, our experience so far is based on one IPCEI projects (EC decision on 26.1.2021.).

The EC should create clearer framework for acting with clear guidelines for the individual stages of implementation. The same is recognised in the work of the JEF and we therefore expect that a framework will soon be created that will allow Member States to communicate and respond even more effectively to the corporate sector.

Question 2:

Please see responses under question 1.

Question 3:

We recognise the assessment of individual enterprise projects by DG COMP as important and extremely useful. Such a process may indicate any shortcomings of the project, in particular as regards the application of certain rules on the compatibility of the aid to promote the implementation of IPCEI with the internal market.

7. COMMENTS FROM HUNGARY

Working Party on Competition

17 February 2025

Hungarian position on IPCEI

Question 1:

Hungary has, in some capacity, taken part in five different IPCEI waves with 2-2 direct participants in IPCEI-CIS and Med4Cure. We believe that many of the obstacles we faced early on, mainly resulting from a lack of clarity regarding the process and requirements, have either been successfully resolved by the JEF or ongoing work is expected to provide a solution. We believe the only major bottleneck regarding IPCEI recognition is currently market awareness, however, recent efforts of industry consultations and the involvement of industry associations in the design of IPCEIs show the commitment of the European Commission and Member States to transparency.

Question 2:

One of the main tasks of the JEF-IPCEI currently is the establishment of the systems and procedures for future IPCEIs. We believe currently ongoing work is sufficient and potential issues should be resolved inside the JEF-IPCEI. The effect of the JEF has been overwhelmingly positive for both ongoing and planned IPCEIs in our experience.

Question 3:

Currently, the timelines for identification and design phases still take too long, however, there seems to be a continuous improvement, directly resulting from the more structured project management environment that the JEF provides. The IPCEI waves currently in the design phase clearly demonstrate an improvement both in efficiency and transparency. We welcome the increased involvement of the commission in the identification and design phases. Furthermore, the assessment of individual company project, while taking considerable time, have significantly improved the quality of our projects.

8. COMMENTS FROM ITALY

OGGETTO: WORKING PARTY ON COMPETITION - 17 febbraio 2025. Spunti di intervento.

Con riferimento alla riunione del WP on Competition, del 17 febbraio 2025, per quanto di competenza, si effettuano osservazioni sui seguenti punti dell'Agenda (in allegato):

- *Important Projects of Common European Interest - IPCEI*

Question 1:

L'Italia ha preso parte al processo IPCEI sin dalle prime fasi di lancio dello strumento nel 2018.

Inoltre, l'Italia partecipa attivamente al Joint European Forum, che, oltre a individuare e concordare il lancio di futuri IPCEI, raccoglie anche le best practices per migliorare gli aspetti del processo.

Da un punto di vista strettamente operativo, si segnala la necessità di prevedere tempi più lunghi per il compimento delle necessarie attività di consultazione a livello nazionale ai fini dell'individuazione delle priorità di intervento per i futuri IPCEI.

Da ultimo, si sottolinea l'importanza di procedere ad una massiccia opera di semplificazione amministrativa ed alleggerimento degli oneri burocratici a carico delle imprese al fine di velocizzare l'iter amministrativo che, qualora eccessivamente lungo, rischia di compromettere il buon esito dei progetti di ricerca.

In vista dell'avvio dei negoziati per il prossimo Quadro Finanziario Pluriennale, si sottolinea la necessità di individuare e stanziare fonti europee di finanziamento dei progetti IPCEI.

Question 2:

La struttura di lavoro del primo Joint European Forum (JEF), istituito a fine 2023, si è posta l'obiettivo di migliorare il processo IPCEI e di definire congiuntamente le priorità strategiche da affrontare attraverso questo strumento.

In merito al **miglioramento del processo IPCEI**, riteniamo che l'approccio del JEF, basato sulla ricognizione e confronto delle procedure adottate nei diversi SM, sia efficace e utile a far emergere rapidamente le criticità da affrontare congiuntamente e a ridurre i disallineamenti nelle fasi di attuazione e gestione dello strumento IPCEI. Inoltre, la raccolta di best practices rappresenta una utile guida per i Paesi che non hanno ancora utilizzato lo strumento.

Question 3:

Allo stato attuale, la gestione degli IPCEI non prevede un sistema unico e questo genera una frammentazione e inefficienza del ciclo IPCEI. Sarebbe opportuno prevedere un'armonizzazione complessiva del sistema-IPCEI, con pratiche di disegno, gestione ed attuazione comuni a tutti gli SSMM partecipanti. Questo determinerebbe anche un alleggerimento degli oneri di coordinamento, design e validazione delle autorità, che si moltiplicano tra le diverse iniziative.

Alcuni esempi di armonizzazione potrebbero riguardare:

- Coordinamento e reporting europeo, definendo processi, modelli di coordinamento e rendicontazione europea (sia per SSMM sia per le imprese). In quest'ottica si accoglie con favore l'azione di standardizzazione dei modelli di rendicontazione in corso nell'ambito JEF-IPCEI;
- Procedure standardizzate e comuni a tutti gli SSMM partecipanti agli IPCEI con annesso linee guida attuative;
- Definizione dei costi ammissibili dettagliata e comprendente specifici profili di ammissibilità dei costi;
- Uniformazione delle condizioni per il meccanismo di recupero (cd. clawback mechanism), dal processo di chiusura delle iniziative alla verifica del deficit di finanziamento e valutazione dei risultati.

Tra le fasi più complesse del processo IPCEI, particolare attenzione merita quella successiva alla pre-notifica dei progetti ai Servizi della Commissione. Questa fase si caratterizza spesso per un lungo e articolato processo di allineamento dei progetti ai rigorosi requisiti dell'IPCEI, richiedendo alle aziende di predisporre una documentazione dettagliata e di dotarsi di strutture adeguate a gestire l'iter previsto.

****Courtesy translation****

SUBJECT: Italy's contribution to the discussion on the agenda items of the WP of February 17, 2025.

With reference to the meeting of the Working Party on Competition on February 17, 2025, we hereby share our inputs to the discussion on the following agenda items:

- **Important Projects of Common European Interest (IPCEI)**

Question 1:

Italy has been involved in the IPCEI process since the early stages of its launch in 2018.

Furthermore, Italy actively participates in the Joint European Forum, which, in addition to identifying and agreeing on the launch of future IPCEIs, also collects best practices to improve aspects of the process.

From a strictly operational point of view, it is necessary to allow for longer timeframes to complete the necessary national-level consultations to identify intervention priorities for future IPCEIs.

Finally, the importance of undertaking a massive effort to simplify administrative processes and reduce bureaucratic burdens on businesses should be emphasized, in order to speed up the administrative process. If excessively long, the process risks compromising the success of research projects.

In view of the upcoming negotiations for the next Multiannual Financial Framework, it is necessary to identify and allocate European funding sources for IPCEI projects.

Question 2:

The working structure of the first Joint European Forum (JEF), established at the end of 2023, aimed to improve the IPCEI process and jointly define the strategic priorities to be addressed through this instrument.

Regarding the **improvement of the IPCEI process**, we believe that JEF's approach—based on surveying and comparing the procedures adopted in different Member States—is effective and useful in quickly identifying issues to be jointly addressed and reducing misalignments in the implementation and management phases of IPCEI. Moreover, the collection of best practices serves as a useful guide for countries that have not yet utilized the instrument.

Question 3:

Currently, IPCEI management does not follow a unified system, leading to fragmentation and inefficiencies in the IPCEI cycle. It would be advisable to implement overall harmonization of the IPCEI system, with common design, management, and implementation practices across all participating Member States. This would also reduce the administrative burden related to coordination, design, and validation processes, which are currently duplicated across different initiatives.

Some examples of harmonization could include:

- European coordination and reporting, defining processes, coordination models, and European reporting frameworks (both for Member States and companies). In this regard, the ongoing standardization of reporting models within the JEF-IPCEI framework is welcomed.
- Standardized procedures common to all participating Member States, accompanied by implementation guidelines.
- A detailed definition of eligible costs, including specific eligibility criteria.
- Harmonization of conditions for the clawback mechanism, from the closure of initiatives to the verification of funding deficits and assessment of results.

Among the most complex phases of the IPCEI process, particular attention should be given to the period following the pre-notification of projects to the Commission Services. This phase is often characterized by a lengthy and intricate process of aligning projects with IPCEI's stringent requirements, requiring companies to prepare detailed documentation and establish adequate structures to handle the required administrative process.

9. COMMENTS FROM LATVIA

Question 1:

The main challenges we face in engaging with IPCEI projects include complex administrative procedures, coordination difficulties between national and EU institutions, and limited awareness of the IPCEI mechanism among local stakeholders and businesses. The current mechanism of IPCEI foresees a double administrative burden, where the project submitter need to report and submit information for the implementation of the project to the member state, in this case Latvia, IPCEI direct participant and the European Commission. Such a system is burdensome for project implementation and reduces interest in IPCEI projects. In our opinion, it is necessary to introduce similar approach as Horizon Europe, where funding is allocated to IPCEI direct partner or project coordinator for IPCEI project – providing that associated and indirect partner which are involved in project reports submit through direct participant decreasing involved parties.

Question 2:

We believe that JEF-IPCEI operates effectively. Member States are given the opportunity to participate in various working groups, providing a platform to discuss challenges and potential initiatives. This process generally ensures the identification and consideration of the interests of all Member States, fostering a collaborative approach.

Question 3:

One of the main concerns regarding the IPCEI process is the complexity and time-consuming nature of the design and assessment phases, particularly when aligning national interests with EU requirements. The identification phase can be challenging due to the need for clear and coordinated identification of projects that meet the criteria of common European interest. The assessment of individual company projects by DG COMP is useful in ensuring compliance with state aid rules.

10. COMMENTS FROM MALTA

Question 1a (*What are the most common and practical problems (both at national and external level) you encounter in your country that prevent you from getting involved (in the required manner) in IPCEI projects?*):

Malta is successfully taking part in the second IPCEI on telecommunication and semiconductors. Although this is the first participation as Malta, we leveraged on the extensive experience of our Direct Participant (ST) who applied to IPCEI ME/CT after being pioneer for the first IPCEI on Microelectronics. With this perspective in mind, IPCEI is effective where the local industry has a clear roadmap on innovative technology, investments and market.

Within the JEF- IPCEI, Malta has endorsed the third IPCEI on semiconductors (AST) particularly in advanced packaging / chiplets for high performance solutions / AI Factory for back-end high-volume manufacturing. We are very much interested in moving up the semiconductor value-chain in the area of heterogeneous integration.

One of the major challenges that the Member States are facing is that of linking our enterprises with their pan European counterparts. So the issue is that of networking and capacity building and the compliance costs related to the participation in IPCEI projects. We believe that IPCEIs are essential for breakthrough technology transfer and knowhow, while addressing the risk of market failure.

While the Commission continues to assert that IPCEI can include projects requiring less than EUR 50M in support, it has been made clear that these projects will not be evaluated by the Commission. Any support for such projects should be provided through GBER. While this is a simplified approach, it remains unclear whether the same costs can be covered when a project is approved through GBER. For example, although Commission representatives claim that First Industrial Deployment (FID) actions can be supported through GBER, this is not reflected in the official GBER text.

In contrast, the funding gap template explicitly allows for such actions. This approach also creates an imbalance between participants. GBER projects are restricted by fixed aid intensities, while larger projects are not, as aid is determined through a funding gap mechanism. Since larger projects are typically not implemented by SMEs, this approach appears to favour large enterprises. The Commission should clarify that FID is covered as part of R&D under GBER and consider allowing Member States to use the funding gap template provided by the Commission to establish the aid intensity for these projects.

Setting up and participating in IPCEI requires significant resources from both Member States and applicant/participating companies. These resources are not always available or aligned with the

requirements. This disparity can be even more pronounced when Member States lack the necessary technical expertise in the specific IPCEI area. The JEF-IPCEI has addressed this issue by providing better visibility on future IPCEIs, making it easier for Member States to plan. However, the launch of an IPCEI should be formalised through the Commission to ensure that all Member States could disseminate information to their industries before the official start of the project.

Question 1b *(Are these issues of poor communication between EU/national administration institutions or among stakeholders at national level, or between institutions and entrepreneurs, or perhaps lower recognition of IPCEI mechanisms in your country, or perhaps some others? How these problems can be addressed?):*

The JEF-IPCEI has significantly improved communication on IPCEIs. This effort must be maintained. Our experience with SMEs and mid-caps shows that most are even reluctant to commence the process.

Malta would like to see more emphasis to be given to communication and capacity building. There needs to be more training and sharing of best experiences addressed for national competent authorities and private enterprises. There also needs to be more information how IPCEIs can be part financed / funding through EU funds particularly account of the upcoming Competitiveness Fund.

Question 2:

In principle the JEF-IPCEI is performing well, however there needs to be further engagement to simplify the process of selecting an IPCEI and reduce the time needed for the development of IPCEIs.

Malta recommends that there would be more workshops organised on capacity building and networking for national competent authorities and enterprises.

JEF should unleash a huge simplification of the notification and approval process, which took almost 4 years for IPCEI ME/CT. State aid rules are key to be reformed here. Such a complexity (and the long time from the idea to the contract) is the showstopper for many Member States' and even large companies.

Question 3:

Our experience with the second semiconductor IPCEI was an overly complex and long process. We fully support the concept that projects under EUR 50 million will be approved by the national State aid authorities within the Member States though GBER– in the case of Malta State Aid Monitoring Board.

This is very much welcome from our end. Within this day and age with a significant amount of competition for foreign and European direct investment, it is essential that the approval process by DG COMP needs to be accelerated to just a few months. We need to match what other jurisdictions such as the US is doing to attract and support investment. As policy makers, we cannot get stuck in our bureaucracy. Some detailed recommendations from MT:

Area	Recommendation
Identification of IPCEIs:	This is one area which is addressed through the JEF-IPCEI. There is yet a need for a mechanism whereby industry can trigger a consideration for an IPCEI.
Design:	The design of an IPCEI should be industry led with MS as facilitators. The development of the project chapeau and the individual project portfolios should be better structured and ideally based on standardised templates to facilitate processing
Assessment:	Further control should be given to Member States. CION should focus on establishing the parameters and supporting MS.
Implementation:	As identified through JEF-IPCEI reporting, there is a need to standardize requirements across MS. This standardization should focus on ensuring synergies between projects approved by the COM and those under GBER.

One key issue related to implementation is the claw back mechanism. This should be reconsidered and only applied if it is determined that the beneficiary had prior knowledge and intentionally underdeclared the perceived funding gap. In any case, it should be applied uniformly, not based on a threshold. As it stands, the claw back would apply to a project of EUR 51M but not to one of EUR 49M.

While the assessment of individual projects by DG COMP is valuable, it reduces the efficiency of the process. As mentioned earlier, the Commission should focus on establishing the parameters and supporting MS in evaluating the submitted projects.

11. COMMENTS FROM THE NETHERLANDS

For an exchange of views in the Working Party on Competition of the 24th of February 2025, the Polish presidency proposed different agenda points regarding State aid to the EU Member States. The Dutch ministry of Economic Affairs prepared the following points for the Dutch participation in the discussion. Following the Polish presidency's request, this input is provided in writing along with this paper. These comments are preliminary and do not preclude a more elaborate and final position on State aid rules by the Netherlands.

IPCEI

General remarks

- Over the last years IPCEIs have become an important tool of Europe's industrial strategy to strengthen strategic value chains. Organizing IPCEIs is not an easy task and it is impressive what has been achieved so far.
- The Dutch authorities appreciate the continuous will of the European Commission and Member States to improve the working of the IPCEI instrument, for example by setting up the Joint European Forum on IPCEI (JEF IPCEI) and this WP.

Reaction to questions in Presidency discussion paper

Most common and practical problems we encounter that prevent us from getting involved in IPCEI projects:

- As any other Member State, the Netherlands faces budget constraints, in which IPCEI has to compete with other instruments. In this light Commission and MS could work on further analysing and describing the importance and value added that IPCEIs can have.
- At the same time, IPCEI is not a goal in itself. We should adamantly hold on to its important EU interests character and strict requirements. Only this makes IPCEIs strategic through which we can bundle European strengths, scale-up our most strategic industrial ecosystems and start winning markets worldwide again, also by creating positive spill-over effects for the whole EU.
- While IPCEIs include conditions that are less disruptive to the internal market than other regular state aid frameworks, we need to be cautious that adjustments to the IPCEI framework, e.g. in response to competitiveness, do not unintentionally harm the EU single market. Competitiveness cannot be built on State aid alone and should always be accompanied with improvement of framework conditions.

Main concerns regarding the IPCEI process

- The most crucial steps are the identification and design phases, because this potentially can decide where Europe can start winning again from the severe international competition. On February 5th a new proposal was received on how these steps can be improved. The Dutch authorities are still studying this. Furthermore, the assessment phase is especially challenging, not only for the authorities but especially for the participating companies including SMEs. Long lead times and not always consistent application of criteria among different IPCEIs, such as for indirect partners. This has brought companies even to stop their participation in the IPCEI.
- In spite of the impressive work done so far in JEF IPCEI on clarification and common understanding, which we support, the need for a timely assessment in order to get and keep innovative companies on board still needs to be underlined.

12. COMMENTS FROM PORTUGAL

Experience has shown is that a dedicated governance structure and adequate funding provision, rank as priorities for a successful involvement in IPCEI projects.

Given the cross-sectoral nature of IPCEI projects, an effective governance structure needs to be comprehensive to bring together and articulate the contributions of all relevant ministries/sectors and stakeholders. Such a structure must be able to act as the contact point both vis-à-vis the Commission on all IPCEI matters as well as to convey clear and up to date information to current and prospective beneficiaries at the national level; identify priorities for potential IPCEIs; and handle all phases of IPCEIs.

Equally important, the financing of IPCEIs must be factored in the national budget. Not to mention the strain it represents to a country with less financial power, it is not easy to anticipate how much will be needed given that a clear picture of financial needs can only be made once projects are selected. Careful consideration of all possible state aid regimes, funding programmes and initiatives, as well as properly addressing the financing needs and expectations of potential beneficiaries are key in this regard.

The renewed political importance IPCEIs are being awarded must not make us lose sight that the State aid toolbox includes other instruments. Each time a priority is deemed suitable for an IPCEI, a thorough analysis must be conducted to determine if an IPCEI is the appropriate tool for that.

Despite the current work to make IPCEIs simpler and faster, the process remains relatively lengthy. The urge to move faster is particularly amplified in the case of rapidly evolving fields such as digital technologies, AI in particular.

Portugal was one of the Member States that supported the establishment of the JEF-IPCEI as a forum to allow the Commission and the Member States to work together and share best practices in an inclusive and transparent manner, to make IPCEIs simpler and faster.

Over a little more than a year of collaborative work, the JEF-IPCEI has undoubtedly produced many outputs spanning across all phases of the IPCEIs lifecycle

Building on JEF-IPCEI recommendations and templates, harmonizing procedures and coordinating joint calls between Member States could contribute to a more effective use of time, without sacrificing project quality.

Improved screening of individual company projects at Member State level, as well as a thorough analysis of the funding gap, could also shorten timelines and ease the subsequent assessment by DG COMP.

A particularly important phase of the process is implementation. It will ultimately allow determining whether IPCEIs are delivering on what they set out to achieve, including the positive spillover effects to the whole Union.

13. COMMENTS FROM SLOVENIA

Question 1:

The most common practical problems:

1. The rules of the sources of financing (funding):

- a. if financed from RRF/RRP the problem is short time of the implementation (eligibility for funding ends end of Q2/2026) and for those IPCEIs, which had long pre-notification and notification period (like IPCEI-CIS) there is a risk of ensuring funding from this source. On the other hand, there is a problem of achievement of the milestones and targets as they were defined in 2021 and in many cases there is a need to modify national RRP or the MS and companies are at risk of losing funding.
- b. if financed from ERDF the problem is high inflexibility (for example in case of productive investments and restrictions for large companies), therefore CSR shall be modified in a way, to add a chapter on STEP in relation to IPCEI and define exemptions.

Question 3:

There are at least three areas of concern:

- The length of pre-notification and notification processes and procedures taking into account direct partners in relation to the requirements of DG COMP for new developed IPCEIs. Being a part of IPCEI-CIS (we actually do not have direct partners on that IPCEI), all associated partners were depending on the State aid approval of Direct partners and it caused delay for all of the projects under IPCEI CIS. The problem is not only that that if financed from RRF, it has limited timeframe of implementation, but also means a risk of the technology to become obsolete and therefore the planned development of the technologies can go in the other way.
- Second is the lack of dedicated, tailor made EU level funding instrument, and even if it is foreseen, it should be developed together with the JEF-IPCEI platform (EC and MS) for the MS to have enough information to prepare future funding under the next MFF.
- Collaboration with cross-border partners: awareness of direct partners shall be increased that IPCEI have to bring solutions beyond state-of-the-art and therefore this effective collaboration shall not stay only in the form of LoI, but has to be implemented in the real-world cases.
- Third: the reporting: this problem was recognized also by the JEF Working group on Dashboard, where we agreed a set of indicators to be recommended for each IPCEI. Those are minimum indicators which can further enable comparability and improvement of the implementation of IPCEIs.