Unofficial translation

Framework for state aid for research and development and innovation – Finland’s position (17.2.2014)

General:

The aid intensities and various state aid measures covered by the framework correspond to the principles of publicly funded R&D and innovation needs, and are a clear continuation of the existing well established practices.

According to Finland’s view, the potential threat of R&D&innovation state aid distorting competition in the internal market or affecting trade between Member states in a way which goes contrary to the common interest will be very limited in the future. In particular, the revised eligibility criteria and common assessment principles, as well as the new monitoring element (ex-post evaluation) are all methods designed to ensure that state aid is allocated to those projects least distorting competition between companies.

Although the Commission’s draft framework broadly corresponds to Finland’s view, we have to pay attention to the following problematic aspects still existing in text:

1) the aid intensity and eligible costs in case of the innovation aid for the shipbuilding industry; 2) the scope of the matching clause; 3) the reductions in eligible costs arising from the commercial usable pilots or prototypes.

Detailed comments:

Innovation aid for the shipbuilding industry

According to the draft text state aid for innovation for shipbuilding may be granted under the substantive conditions and up to the maximum aid intensities laid down in this framework for experimental development activities. Finland cannot accept the increase of aid intensity of the innovations aid for the shipbuilding industry. We strongly feel that there exists no economic rationale to allow increased aid intensity especially to sectors suffering structural overcapacity. Moreover, applying the eligible costs of general R&D activities also in specific case of the shipbuilding industry may cause significant interpretative problems and legal uncertainty in the future.

For this reason, Finland believes that the principles concerning innovation aid laid down in framework on state aid to shipbuilding (OJ C 364, 14.12.2011, p. 9) should be valid in the present form (especially item 3.2 and annex) also in the future.

Furthermore, the matching clause in paragraph 92 of the draft framework should not be applied to the shipbuilding industry.
Matching clause (draft framework, paragraph 92)

In practice, the matching clause has not been applied on any occasion during its period of its existence. The principle also represents the “protectionist” spirit that does not sit well with the current way of thinking. We also see that this principle is not in line with objectives pursued through the modernisation of state aid rules.

For the aforementioned reasons, Finland proposes that the matching clause should be removed in its entirety from Framework for state aid for R&D and innovation.

At the very least, the framework document needs to be refined in such a way that the matching clause cannot be applied to the shipbuilding industry.

The reductions in eligible costs arising from the commercial usable pilots or prototypes

The principle outlined in the current framework (2006/C 323/01), item 2.2 definitions (g), according to which reductions in eligible costs can be made in case of commercial use of pilots and prototypes should, in Finland’s view, also be included in the new guidelines.

The current wording “In case of a subsequent commercial use of demonstration or pilot projects, any revenue generated from such use must be deducted from the eligible costs” should however be replaced by the revised text

“Where an aided project results in commercially usable prototypes or pilots, the net revenues directly attributable to their subsequent commercial use within five years of completion of the project must be deducted from the eligible costs. Such deduction can take place either ex ante, by taking into account the discounted value of net revenues that can reasonably be expected at the date of granting of the aid, or ex post, by clawing back the discounted value of the actual amount of net revenues earned by the aid beneficiary during those five years”

included into the draft of the general block exemption regulation (article 24, support of R&D activities, subparagraph 4, see below).

However, when taking into consideration the specific conditions of the industry in question, this principle should not be applied to shipbuilding industry.