



## State aid: Commission approves €3.2 billion public support by seven Member States for a pan-European research and innovation project in all segments of the battery value chain

Brussels, 9 December 2019

The European Commission has approved under EU State aid rules an Important Project of Common European interest ("IPCEI") jointly notified by Belgium, Finland, France, Germany, Italy, Poland and Sweden to support research and innovation in the common European priority area of batteries.

The seven Member States will provide in the coming years up to approximately €3.2 billion in funding for this project, which is expected to unlock an additional €5 billion in private investments. The completion of the overall project is planned for 2031 (with differing timelines for each sub-project).

Margrethe **Vestager**, Executive Vice-President "Europe fit for the Digital Age" and Commissioner in charge of competition policy, said: *"Battery production in Europe is of strategic interest for our economy and society because of its potential in terms of clean mobility and energy, job creation, sustainability and competitiveness. Our Important Projects of Common European Interest smooth the way for public authorities and industries from several Member States to come together and design ambitious innovation projects with positive spill-over effects across industrial sectors and regions. The approved aid will ensure that this important project can go ahead without unduly distorting competition."*

Maroš **Šefčovič**, Vice-President for Interinstitutional Relations and Foresight, said: *"Our focus on scaling up innovation under the European Battery Alliance is yielding strong industrial partnerships. Thanks to intensive efforts by seven Member States, industry and the Commission, Europe's first major pan-European battery ecosystem is emerging, with lead projects in all segments of this strategic value chain. We have found the right recipe for our 21st century industrial policy: strong cooperation between industrial actors, concerted action to accelerate lab-to-market innovation, joined-up financial instruments from both, private and public sectors, and a fit-for-future regulatory framework to underpin a stronger European knowledge-based economy."*

The project will involve **17 direct participants**, mostly industrial actors, including small and medium-sized enterprises (SMEs), some of which with activities in more than one Member State. The direct participants will closely cooperate with each other and with over 70 external partners, such as SMEs and public research organisations across Europe.

Following intensive technical discussions between the Commission and the relevant actors over a period of 3 months, the project was formally notified to the Commission for approval under EU State aid rules in October 2019. After notification, the Commission finalised its assessment and took its decision swiftly to ensure the fast and smooth implementation of the project.

### The project

The transition to climate neutrality, including through clean and low emission mobility, will bring significant opportunities for economic growth, job creation and technological development. Demand for batteries is expected to grow very rapidly in the coming years. Forward-looking research, development and innovation policies will have a key role to enable Europe and its Member States to make the most of this transition. The Commission launched at the end of 2017 a "[European Battery Alliance](#)" with interested Member States and industrial actors and adopted a Strategic Action Plan for Batteries in May 2018.

Today's project is part of these efforts. It supports the development of highly innovative and sustainable technologies for lithium-ion batteries (liquid electrolyte and solid state) that last longer, have shorter charging times, are safer and more environmentally friendly than those currently available. The project involves ambitious and risky research and development activities to deliver beyond the state-of-the-art innovation across the batteries value chain, from mining and processing the raw materials, production of advanced chemical materials, the design of battery cells and modules and their integration into smart systems, to the recycling and repurposing of used batteries.

Innovation will also specifically aim at improving the environmental sustainability in all segments of the

battery value chain. It aims to reduce the CO2 footprint and the waste generated along the different production processes as well as develop environmentally friendly and sustainable dismantling, recycling and refining in line with circular economy principles.

More specifically, the project participants and their partners will focus their work on four areas:

- (1) **Raw and advanced materials:** The project aims to develop sustainable innovative processes allowing extraction, concentration, refining and purification of ores to generate high-purity raw materials. With respect to advanced materials (such as cathodes, anodes and electrolytes), the project aims to enhance existing materials or create new ones, to be used in innovative battery cells.
- (2) **Cells and modules:** The project aims to develop innovative cells and modules designed to meet the safety, and performance required for both automotive and non-automotive applications (e.g. stationary energy storage, power tools, etc.).
- (3) **Battery systems:** The project aims to develop innovative battery systems including battery management software and algorithms as well as innovative test methods.
- (4) **Repurposing, recycling and refining:** The project aims to design safe and innovative processes for collection, dismantling, repurposing, recycling and refining of recycled materials.

## Commission assessment

### *IPCEI framework*

The Commission assessed the proposed project under EU State aid rules, more specifically its [Communication on Important Projects of Common European Interest \(IPCEI\)](#). Where private initiatives supporting innovation fail to materialise because of the significant risks such projects entail, the IPCEI Communication allows Member States to jointly fill the gap to overcome these market failures and boost the realisation of innovative projects.

In order to qualify for support under the IPCEI Communication, a project must, in particular: (i) contribute to strategic EU objectives; (ii) involve several Member States; (iii) involve private financing by the beneficiaries, (iv) generate positive spillover effects across the EU, and (v) be highly ambitious in terms of research and innovation, i.e. it has to go beyond what is widely regarded as the "state of the art" in the sector concerned.

### *Assessment of the IPCEI on batteries*

The Commission has found that the proposed IPCEI on batteries fulfils all the required conditions set out in its Communication.

In particular, the Commission notes that:

- The battery value chain is a strategic value chain for the future of Europe in particular with respect to clean and low emission mobility.
- The project has a wide scope, covering the full battery value chain. It is highly ambitious and innovative, as it aims at developing technologies and processes that are not currently available and will allow major improvements in performance and reduction of environmental impact. The project also involves significant technological and financial risks that could lead to failures or significant delays. **Public support is therefore necessary to provide incentives to companies to carry out the investments.**
- The results of the project will be widely shared by participating companies benefitting from the public support with the European scientific community and industry beyond the participating companies. As a result, **positive spillover effects will be generated throughout Europe.** Ultimately, all these activities will contribute to the development of an ecosystem in the battery sector at EU level.
- The implementation of the project will be monitored via a dedicated **governance structure** composed by representatives of public authorities from the seven participating Member States and of the direct participants. The Commission will also attend the governance meetings. An annual public conference open to any interested party will be organised in order to present the main results of the participants' activities.

The Commission also found that the aid to individual companies is necessary, proportionate and does not unduly distort competition.

On this basis, the Commission concluded that the IPCEI on batteries notified by Belgium, Finland, France, Germany, Italy, Poland and Sweden is in line with EU State aid rules.

This is the second IPCEI in the field of research, development and innovation approved by the

Commission since the adoption of the relevant rules in 2014, after the [IPCEI on Microelectronics approved in December 2018](#).

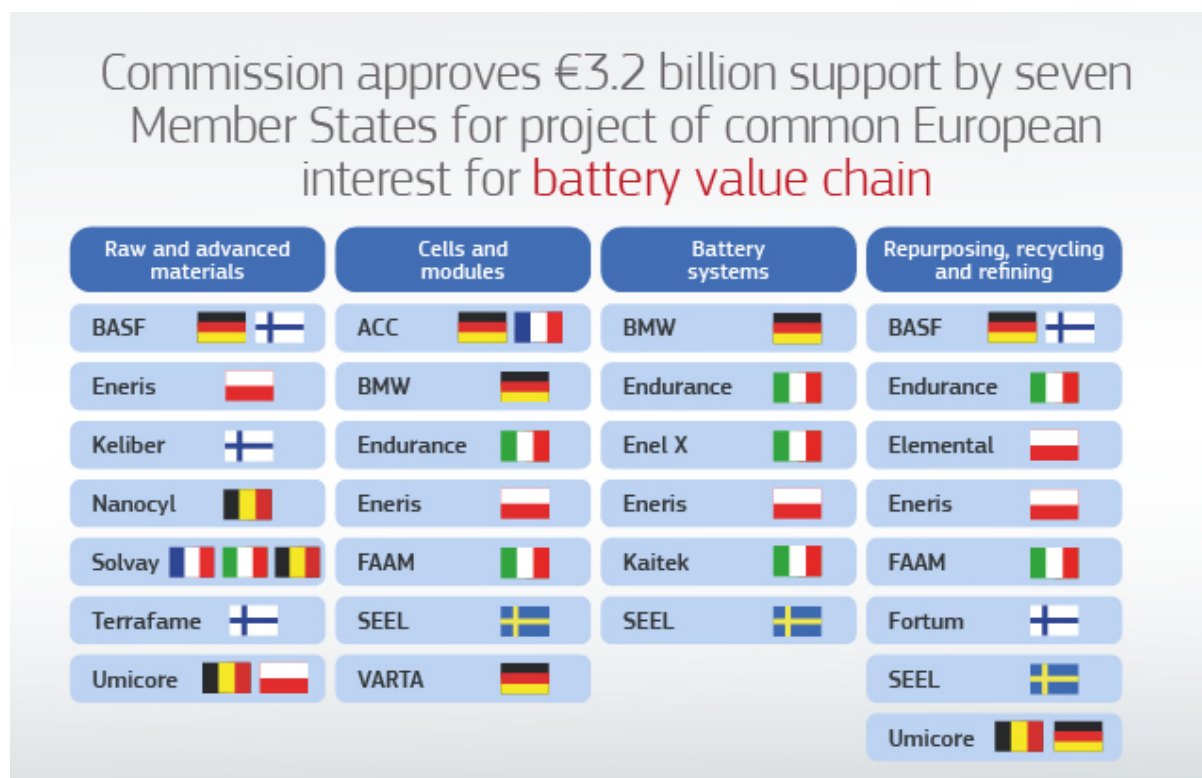
### Funding, beneficiaries and amounts

The project will involve 17 direct participants from the seven Member States, some of which will have activities in more than one Member State. The overall project should be completed by 2031 (with differing timelines for each sub-project).

The direct participants could receive up to approximately €3.2 billion in funding. More specifically, Belgium has sought approval to grant up to approximately €80 million; Finland up to approximately €30 million; France up to approximately €960 million; Germany up to approximately €1.25 billion; Italy up to approximately €570 million; Poland up to approximately €240 million and Sweden up to approximately €50 million. Nonetheless, significant share of additional profits made by the participants will be shared with taxpayers through a claw-back mechanism. In other words, if the projects turn out to be successful, generating extra net revenues beyond projections, the companies will return part of the taxpayer money received to the respective Member States.

The Commission has verified that the total planned maximum aid amounts are in line with the eligible costs of the forecasted projects and their funding gaps.

The direct participants, the Member States supporting them and the different project areas are as follows:



### Background

In June 2014 the Commission adopted a Communication on Important Projects of Common European Interest (IPCEI), setting out criteria under which Member States can support transnational projects of strategic significance for the EU under Article 107(3)(b) of the Treaty on the Functioning of the European Union (TFEU). This framework aims to encourage Member States to support projects that make a clear contribution to economic growth, jobs and the competitiveness in Europe.

The IPCEI framework complements other State aid rules such as the General Block Exemption Regulation and the Research, Development and Innovation Framework, which allows supporting innovative projects whilst ensuring that potential competition distortions are limited.

The State Aid Scoreboard shows that more than 96% of new R&D&I measures for which expenditure has been reported for the first time were granted under the General Block Exemption Regulation and could be disbursed quicker. The IPCEI rules support investments for R&D&I and first industrial deployment on condition that the projects receiving this funding are highly innovative and do not cover mass production or commercial activities. They also require extensive dissemination and spillover

commitments of new knowledge throughout the EU and a detailed competition assessment to minimise any undue distortions.

The Commission has identified batteries as a strategic value chain where the EU must step up investment and innovation in the context of a strengthened industrial policy strategy aimed at building an integrated, sustainable and competitive industrial base. The Commission launched at the end of 2017 a "European Battery Alliance" with interested Member States and industrial actors adopted a Strategic Action Plan for Batteries in May 2018.

The non-confidential version of the decision will be made available under the case numbers SA.54793 (Belgium), SA.54801 (Germany), SA.54794 (France), SA.54806 (Italy), SA.54808 (Poland), SA.54796 (Sweden) and SA.54809 (Finland) in the [State Aid Register](#) on the [competition](#) website once any confidentiality issues have been resolved.

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