EUROPEAN CLUSTER COLLABORATION PLATFORM

State Aid: From Policy to Practice

Summary

EUCLUSTERS TALKS

EU Clusters Talks
18 December 2024, 8:30 – 9:45 CET

An initiative of the European Union

State Aid: From Policy to Practice

The European Cluster Collaboration Platform, on behalf of the European Commission, organised the EU Clusters Talk **"State Aid: From Policy to Practice" on 18 December, 8:30 – 9:45 CET,** to explore the opportunities and practical applications of State aid frameworks, with a focus on the GBER and Article 27, and how clusters can leverage these tools to support innovation, collaboration, and sustainable growth within their ecosystems.

Agenda of the meeting

Moderation: Chris Burns

1. News from the European Cluster Collaboration Platform
   Ángela Negrete Benedí, team member of the European Cluster Collaboration Platform
2. Introduction to the GBER - General Block Exemption Regulation
   Rodrigo Peduzzi, DG COMP, European Commission
3. Panel debate
   David Fernández, Head of Clusters Development, SPRI, Basque Business Development Agency
   Donato Pulacchini, Area Manager of "Structural Funds Unit" and State Aid expert, ART-ER
   Annie Renders, Head of Unit Cluster Policy & Strategic Relations, Government of Flanders, VLAIO
4. Funding opportunities
   Ángela Negrete Benedí, team member of the European Cluster Collaboration Platform

Key messages

- The General Block Exemption Regulation (GBER) allows Member States to grant aid to clusters without prior notification, streamlining access to funding.
- Article 27 of the GBER specifically targets innovation clusters, supporting both infrastructure investments and operational activities for up to 10 years.
- Aid under Article 27 requires clusters to ensure transparent, non-discriminatory access to services, particularly for SMEs.
- Co-funding remains a core condition—typically 50%—as a means to strengthen private sector commitment and cluster governance.
- There is growing recognition that baseline public funding is essential to sustain clusters' strategic, non-commercial ecosystem roles.
- Regional examples, such as Flanders and Emilia-Romagna, demonstrate different co-funding models, from private membership fees to public contributions.
- The complexity of aid rules is a barrier; tools like the State Aid Wiki help public administrations interpret provisions and seek clarification.

1. News from the European Cluster Collaboration Platform

Ángela Negrete, team member, European Cluster Collaboration Platform

After the introduction by moderator Chris Burns, the following news items were presented:

1. Register for the C2Lab in Zaragoza
2. Call for Expression of Interest for organising workshops Clusters meet Regions, deadline 20 December 2024
3. EU Business Hub: EU funded programme for supporting EU SMEs and startups in their expansion to the Republic of Korea and Japan and the incoming business missions to:
    a. EU Business Hub @ Smart Energy Week Spring 2025 , Green & Low-Carbon, Tokyo, 17-21 Feb 2025
    b. Healthcare and Medical Equipment Korea 2025, Healthcare - Seoul, 17 – 21 Mar 2025
4. Meet Trend Universe and access its database

2. Introduction to the GBER - General Block Exemption Regulation

Rodrigo Peduzzi, DG COMP, European Commission

Rodrigo Peduzzi began by outlining the foundational legal framework underpinning State aid control in the EU, rooted in the Treaty on the Functioning of the European Union (TFEU). While State aid is generally prohibited to prevent market distortion and preserve fair competition, the treaty recognises exceptions for certain objectives, such as addressing **market failures and supporting regional development.**

The **General Block Exemption Regulation (GBER)** was introduced to provide Member States with greater flexibility, allowing them to grant certain categories of aid without prior notification to the Commission, as long as the aid complies with clearly defined conditions. This mechanism streamlines aid processes and supports swift action in strategic areas.

The GBER is structured around general and specific conditions. **General conditions** include principles such as the incentive effect, eligible cost categories, rules on cumulation, transparency requirements, and annual reporting obligations. Member States must respect these rules, and the Commission retains the right to monitor their implementation, particularly in response to complaints or via regular checks.

A substantial portion of the presentation was dedicated to explaining **Article 27 of the GBER**, which pertains specifically to aid for innovation clusters. Peduzzi emphasised the broad definition of innovation clusters, encompassing both legal entities and informal groupings aimed at stimulating innovative activity and knowledge transfer. Aid can be granted at the level of cluster owners and operators, with a strict requirement for transparent, non-discriminatory access to cluster services, especially to support SMEs.

Two aid categories were detailed: **investment aid**, which supports the construction and equipment of cluster infrastructure (with a typical intensity of 50%), and **operating aid**, which covers daily management and promotional activities. Operating aid is limited to a ten-year period to encourage long-term sustainability and independence from public funding. Thresholds apply, and any aid exceeding €10 million per cluster requires prior notification to the Commission.

He also highlighted the importance of **Article 25** concerning R&D project aid, as it is widely used and represents a significant share of public R&D funding. He also referenced the "Seal of Excellence" mechanism and aid for research infrastructures as other relevant provisions under the GBER.

During the interactive session, participants raised concerns over complexity and lack of clarity in implementation rather than insufficient funding. Peduzzi acknowledged this paradox, noting that increased flexibility can sometimes lead to ambiguity. He encouraged public administrations to consult the Commission or use tools such as the State Aid Wiki for guidance. He clarified that if something is not explicitly prohibited in the regulation, it is generally permitted.

Finally, Rodrigo Peduzzi addressed the future evolution of the GBER, mentioning its several past amendments and indicating that further revisions are expected. These will be informed by stakeholder feedback and shaped in part by international developments, such as the United States' Inflation Reduction Act.

3. Panel debate

Annie Renders emphasised the importance of regional ecosystems in preparing companies, especially SMEs, for participation in European innovation initiatives. She noted that cluster organisations played a critical intermediary role in facilitating this integration and accessing state aid effectively. The speaker also highlighted that the **exemption had allowed for more tailored support**, particularly through Article 27, enabling governments to reach a broader base of companies indirectly.

David Fernández provided insight into the strategic role of clusters in the Basque Country, describing them as essential public–private partnerships rather than commercial service providers. He cautioned that their role as facilitators of trust and cooperation among SMEs was a public good that **could not be monetised**. David advocated for baseline funding for clusters, arguing that requiring them to rely solely on market income could undermine their mission. He presented the example of a cross-sectoral industrial decarbonisation roadmap developed by five clusters in the Basque Country as a model of strategic collaboration.

Donato Pulacchini echoed this sentiment, stressing that most cluster organisations in Emilia-Romagna were non-profit entities whose main contribution lay in knowledge sharing, coordination, and ecosystem support. He questioned the classification of such activities as economic in nature and called for a reconsideration of the 10-year limit on operational aid. Donato also noted the potential role of clusters in addressing future challenges, such as the implementation of artificial intelligence in SMEs.

There was broad agreement among the panellists that cluster organisations were not conventional economic entities and therefore should not have been expected to operate on purely commercial terms. All three speakers strongly advocated for the **continuation of public support beyond the current ten-year cap**. They also endorsed the principle of co-funding, recognising it as a mechanism to ensure private sector commitment and relevance. Annie Renders described the 50% co-funding requirement as beneficial, particularly in Flanders, where company contributions fostered engagement and strategic direction within clusters. However, the need for differentiation in membership fees, especially to accommodate SMEs and startups, was also widely acknowledged.

A point of divergence, though subtle, lay in how co-funding had been sourced and administered. While Flanders relied heavily on membership fees from private companies, other regions like Emilia-Romagna often received contributions from municipalities or other public bodies, which might not have counted towards the 50% co-funding threshold.

The audience raised several pertinent questions concerning the sustainability of cluster financing, the practical impact of co-funding requirements, and the scope of eligible activities under Article 27. A key concern was the **commercialisation of public goods** delivered by clusters. Rodrigo Peduzzi responded by affirming that activities such as networking and matchmaking were generally considered economic because they were offered commercially. Thus, aid in this context had to comply with State aid rules.

Participants also questioned the **rationale behind the 10-year aid limit** and the insistence on co-funding. Rodrigo commented that these policies act as safeguards to prevent dependency and ensure efficient use of public funds, though he acknowledged that these limits could be revisited if stakeholders provided evidence that they were counterproductive.

Further questions addressed the **difficulties of sustaining co-funding** during economic downturns and how smaller companies could participate meaningfully in clusters. Examples from Flanders showed that some clusters had adapted by offering tiered membership fees or waiving them temporarily for startups. Donato Pulacchini also suggested using other GBER articles, such as Article 28, to fund the demand side by supporting SMEs in purchasing cluster services.

The discussion stressed that while the GBER exemption offered useful flexibility, significant challenges remained in aligning State aid rules with the operational realities of cluster organisations. The panellists called for a revision of the 10-year limit and greater clarity regarding the classification of non-profit, knowledge-sharing activities. They agreed on the importance of co-funding to secure stakeholder engagement but emphasised the need for adaptable models to accommodate different organisational structures and regional realities. Rodrigo Peduzzi concluded by inviting stakeholders to gather empirical evidence on these challenges ahead of the **GBER revision planned for 2026**, reinforcing the **Commission's openness to refining the regulation based on practitioner feedback**.

4. Funding opportunities

Ángela Negrete, team member, European Cluster Collaboration Platform

Closing the EU Clusters Talk, Ángela Negrete shared the following examples of funding opportunities:

1. Innovative, Community-Integrated PV systems; deadline 4 February 2025.
2. Innovation Fund 2024 - Batteries - Manufacturing of electric vehicles battery cells; deadline 24 April 2025.

3. Market uptake measures of renewable energy systems; deadline 4 February 2025.
4. EUROCLUSTERS for Europe's recovery; deadline 5 February 2025.
5. Opportunities for SMEs: Calls from Euroclusters; published on European Cluster Collaboration Platform.