Establishing a new Investment Fund

Finnish Chemical Industry has as its aim to be a Nature Positive and Climate Neutral Industry. This will require both new investments, more electricity and development of legislation. The competition for investment is intensifying, particularly in the field of technologies, both within the EU and globally. Finnish Chemical Industry has calculated that it will need additional investments of 8 bn eur (cum) when targeting climate neutrality. Finnish Chemical Industry is a pathfinder but also the whole European Chemical Industry need to make this transition journey. That will require an extensive investment to European industry and particularly ensure that strategic industries are prioritized. Therefore Finnish Chemical Industry suggests that a new investment instrument will be established to strengthen the competitiveness of European Industry.

The changes in the operating environment must be addressed swiftly with measures that accelerate the necessary investments, implemented on a pan-European basis, and by **ending current separate state aid flexibilities**. The creation of an investment instrument should require a return to compliance with normal state aid rules to end European countries to compete against each other and focus on the global level. If a temporary instrument is established to bridge the period between the agreed termination of state aid flexibilities by the end of 2025 and the beginning of the new financial framework in early 2028, it must not rely on national state aid.

The instrument should be largely excellence-based when utilizing new funding sources. Also, it should be designed to maximize the leveraging of private capital. In addition to grants, the instrument could include loans and guarantee mechanisms to catalyze investments, potentially implemented through the European Investment Bank or the European Investment Fund. The use of the investment instrument must be limited to improving strategic competitiveness and security. The financing base for the instrument should primarily be derived from reallocating existing resources in a way that better supports the development of the EU's competitiveness. Existing instruments should be critically reviewed, and shared debt should be considered as a last resort.

It is also important that the terms for granting funding should be as light as possible still ensuring transparency. Overly strict conditions will make it too difficult for SME’s to utilize the instrument for scale up and the primary aim to strengthen the EU's competitiveness will not be reached.