

## COMMUNITY FRAMEWORK FOR STATE AID FOR RESEARCH AND DEVELOPMENT

(96/C 45/06)

(Text with EEA relevance)

**1. The role of research and development in improving growth, competitiveness and employment**

- 1.1. Article 130 (1) of the EC Treaty states that the Community and the Member States are to take action aimed at 'fostering better exploitation of the industrial potential of policies of innovation, research and technological development'.

In addition, Article 130 (3) stipulates that the Community is to contribute to the achievement of that objective 'through the policies and activities it pursues under other provisions of this Treaty'. Accordingly, this framework for aid to research aims to implement the competition rules while contributing to that objective.

- 1.2. Research and development can contribute to renewing growth, strengthening competitiveness and boosting employment. The Single European Act introduced *inter alia* Article 130f of the EC Treaty outlining the Community objective of strengthening the scientific and technological bases of Community industry and encouraging it to become more competitive internationally. The Maastricht Treaty confirmed that objective, along with the need for the Community to encourage cooperation on research and technological development between firms, research centres and universities.

- 1.3. One way to advance these goals is through the multiannual Research and Technological Development (RTD) framework programmes. The fourth framework programme (1994 to 1998), which has been adopted by the European Parliament and the Council <sup>(1)</sup>, comprises four main areas of activity:

- (a) implementation of research, technological development and demonstration programmes, by promoting cooperation with and between companies, research centres and universities;
- (b) promotion of cooperation in the field of Community research, technological development and demonstration with third countries and international organizations;
- (c) dissemination and optimization of the results of activities in Community research, technological development and demonstration;
- (d) stimulation of the training and mobility of research workers throughout the Community.

- 1.4. The White Paper on Growth, competitiveness and employment <sup>(2)</sup> identified the challenges and ways forward into the 21st century. It proposes a broad range of measures and actions to be taken jointly by the Member States and the Community in order to tackle unemployment in the European Union.

<sup>(1)</sup> OJ No L 126, 18. 5. 1994, p. 1.

<sup>(2)</sup> Bull. EC, Supplement 6/93.

It underscores the importance of general measures to promote RTD investment by firms, including favourable tax treatment and measures to enhance the effectiveness of research. In particular, it advocates 'transferring a higher proportion of research spending to the private sector and [...] shifting government intervention from direct support to indirect instruments'.

- 1.5. However, the White Paper indicates that most of the spending on R&D in the Community is carried out by Member States. The Community's research budget currently accounts for only about 4 % of total public civil research spending by the Member States. What is more, only 13 % of research spending within the Union is devoted to the coordination of research between firms from several Member States.
- 1.6. As the White Paper also points out, the Community invests proportionately less than some of its competitors in research and technological development. According to data collected since the implementation of the 1986 framework, and particularly the data covering the period 1990 to 1992, notified aid intended primarily for industrial R&D accounted for less than 5 % of total state aid.
- 1.7. It is also stressed that, reflecting the principle laid down in Article 3 (g) of the EC Treaty, measures taken by the Member States have to be compatible with the common market and the rules governing State aid, which are based on Articles 92 and 93 of the EC Treaty.
- 1.8. One aim of competition policy is to improve the international competitiveness of Community industry and thereby contribute to the achievement of the objectives set out in Article 130 (1) of the EC Treaty. The competition rules must therefore be applied constructively to encourage cooperation which helps new technology to be developed and disseminated in the Member States, while observing the rules on intellectual property rights. In the control of State aid, regard must be paid to the need for resources to be made available to those sectors which will contribute to improving the competitiveness of Community industry.
- 1.9. Traditionally, the Commission has taken a favourable view of State aid for R&D. This favourable attitude is justified on several counts: the aims of such aid, the often considerable financial requirements and risks of R&D operations and, given the distance from the market-place of such projects, the reduced likelihood that such aid will distort competition and trade.
- 1.10. The Commission has expressed this favourable attitude in more than 500 decisions taken on the basis of the Community framework for State aid for R&D ('the framework')<sup>(1)</sup>. It has been able to do so because Member States have always respected the restrictions set by the framework.
- 1.11. This revised version of the framework seeks to take account of recent developments and the experience gained over the years.

<sup>(1)</sup> OJ No C 83, 11. 4. 1986.

One such development is the Agreement on Subsidies and Countervailing Measures (SCM), which comes under the GATT 1994 Agreement. The SCM Agreement takes account of the special characteristics of research aid. Article 8 of the Agreement stipulates *inter alia* the conditions subject to which assistance for research activities conducted by firms or by higher-education or research establishments on a contract basis with firms are to be non-actionable. The framework also takes appropriate account of the other objectives and policies of the Union.

**2. Applicability of the State aid rules to aid for R&D (Article 92 (1) of the EC Treaty)**

- 2.1. Article 92 (1) of the EC Treaty states that any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods is, in so far as it affects trade between Member States, incompatible with the common market.
- 2.2. The closer the R&D is to the market, the more significant may be the distortive effect of the State aid. In order to determine the proximity to the market of the aided R&D, the Commission makes a distinction between fundamental research, industrial research and precompetitive development activity. Definitions of these various stages of R&D, which correspond to those laid down in the Agreement on Subsidies and Countervailing Measures, are set out in Annex I to the framework.
- 2.3. Innovation does not qualify as a separate category of R&D. Aid for activities that could be regarded as innovative but do not correspond to the categories mentioned in point 2.2 can benefit from state aid only if it conforms with the Commission policy on investment aid.
- 2.4. Public financing of R&D activities by public non-profit-making higher-education or research establishments is normally not covered by Article 92 (1) of the EC Treaty.

Where the results of publicly financed R&D projects carried out by such establishments are made available to Community industry on a non-discriminatory basis, the Commission will assume that State aid within the meaning of Article 92 (1) of the EC Treaty is not normally involved.

Where R&D is carried out by public non-profit-making, higher-education or research establishments on behalf of or in collaboration with industry, the Commission will assume that State aid within the meaning of Article 92 (1) of the EC Treaty is not involved either:

- (a) where the public non-profit-making higher-education or research establishments contribute to research projects as a commercial firm would, e.g. in return for payment at the market rate for the services they provide;
- (b) or
  - where the industrial participants in the research bear the full cost of the project, or
  - where the results which do not give rise to intellectual property rights may be widely disseminated and any intellectual property rights to the R&D results are fully allocated to the public non-profit-making establishments, or

— where the public non-profit-making establishments receive from the industrial participants compensation equivalent to the market price for the intellectual property rights which result from the research project and which are held by those industrial participants, and where the results which do not give rise to intellectual property rights may be widely disseminated to interested third parties.

- 2.5. Public authorities may commission R&D from firms or buy the results of R&D directly from them. If there is no open tender procedure, the Commission will assume that there might be State aid within the meaning of Article 92 (1). If these contracts are awarded according to market conditions, in particular after an open tender procedure in accordance with Council Directive 92/50/EEC <sup>(1)</sup>, it will normally be assumed that no State aid within the meaning of Article 92 (1) of the EC Treaty is involved.

3. **Compatibility of aid for R&D (Article 92 (3) (b) and (c) of the EC Treaty)**

- 3.1. Where it satisfies the tests of Article 92 (1) of the EC Treaty and therefore has to be examined by the Commission, aid granted to firms for R&D may be regarded as compatible with the common market by virtue of one of the derogations provided for in Article 92 (3).
- 3.2. In all cases where, after examination, the Commission concludes that the purpose of the aid in question is to promote the execution of an important project of common European interest, that aid may qualify for the derogation contained in Article 92 (3) (b).
- 3.3. The common European interest must be demonstrated in practical terms: for example, it must be proved that the project represents a major advance over specific Community R&D programmes or that it enables significant progress to be made towards achieving specific Community objectives.
- 3.4. In the past, the Commission has applied the derogation contained in Article 92 (3) (b) in a limited number of cases. It has transpired that, as regards R&D, this derogation may apply particularly to transnational projects of major qualitative and, in principle, quantitative significance (e.g. projects related to the formulation of industrial standards that could enable the Community's industries to secure the full benefit of the single market). Thus, the Commission decided to regard a number of Eureka projects in the field of electronics (EU 127 JESSI, EU 102 EPROM, EU 147 DAB, EU 43 ESF) or high-definition television (EU 95 HDTV) as being of common European interest.
- 3.5. If State aid for R&D does not qualify for the derogation provided for in Article 92 (3) (b), it may nevertheless be compatible with the Treaty by virtue of Article 92 (3) (c), which provides a derogation for aid that facilitates the development of certain economic activities as long as it does not adversely affect trading conditions to an extent contrary to the common interest.
- 3.6. When examining whether or not Article 92 (3) (c) of the EC Treaty is applicable, the Commission will pay special attention to the type of research carried out, the beneficiaries, the aid intensity, the accessibility to the results and other relevant factors as mentioned in Sections 5 and 6.

<sup>(1)</sup> OJ No L 209, 24. 7. 1992.

#### 4. Notification of proposed State aid for R&D (Article 93 of the EC Treaty)

- 4.1. State aid for R&D has to be notified to the Commission pursuant to Article 93 (3) of the EC Treaty. In order to assist the Member State, as well as the Commission departments, notification should be made by means of the standard form sent out in the Commission's letter to the Member States dated 22 February 1994, on standardized notifications and reports, as amended by the Commission's letter to the Member States dated 2 August 1995. The supplementary questionnaire on R&D, contained in Part A of Annex 2 to the letter dated 2 August 1995 (Information normally to be supplied in a notification of State aid for R&D under Article 93 (3) of the EC Treaty) is replaced by the new questionnaire annexed to this framework (Annex III).
- 4.2. The Commission aims to achieve the highest possible degree of transparency in the application of aid schemes. This means that there must be a clear statement of the objectives to be achieved, the beneficiaries, etc. The different categories of costs which the aid is designed to reduce must be specified and the aid must be granted in such a form that the intensity of the aid in relation to these costs, as listed in Annex II, can be calculated.
- 4.3. In these case of R&D projects, all types of aid may be authorized. Member States must nevertheless make it possible for the Commission to calculate the grant equivalent of the aid if the latter is not paid in the form of an outright grant and must consequently provide sufficient information to enable the Commission to do this.
- 4.4. Where a Member State is of the opinion that Article 92 (3) (b) of the EC Treaty is applicable, it must examine whether the relevant conditions are met and demonstrate to the Commission, in its notification, that they are met.
- 4.5. The Commission communication to the Member States on the accelerated clearance of aid schemes for SMEs and of amendments of existing schemes on standardized notifications and reports <sup>(1)</sup> applies in full to State aid for R&D, as does the *de minimis* rule <sup>(2)</sup>.
- 4.6. To date, the Commission, in response to its letter of 22 February 1994 (as amended on 2 August 1995), has received a significant number of notifications involving only the refinancing and/or extension of aid schemes consistent with the current Community framework for State aid for research and development and compatible with the common market. The Commission has never raised any objections to such notifications.

In the light of the experience it has acquired, the Commission considers therefore that a notification of the increase in the annual budget of an authorized scheme is no longer necessary if, expressed in ecus, it is not more than 100 % (in nominal terms) of the initial annual amount, provided that the scheme is of unlimited duration or that the increase takes place within the period of validity of a scheme of limited duration.

Extensions with or without a budgetary increase (up to the abovementioned limit of 100 %), without changes in the conditions for implementing the previously approved aid schemes and consistent with the new framework need be renotified only from the fifth year following the expiry of the validity of the original scheme. The Member States, however, are obliged to inform the Commission of such refinancing/extensions in advance and to continue to submit an annual report to it on the application of the schemes in question.

<sup>(1)</sup> OJ No C 213, 19. 8. 1992, p. 10.

<sup>(2)</sup> The *de minimis* rule currently applied is stated in point 3.2 of the Community guidelines on State aid for SMEs (OJ No C 213, 19. 8. 1992, p. 2).

- 4.7. Individual grants of aid under an R&D scheme that has been authorized by the Commission do not, in principle, need to be notified. However, in order to allow the Commission to assess significant amounts of aid under approved schemes and the compatibility of such aid with the common market, the Commission requires prior notification of any individual research project costing more than ECU 25 million and for which it is proposed to provide aid with a gross grant equivalent of more than ECU 5 million.

This new notification rule must be regarded as an appropriate measure within the meaning of Article 93 (1) of the EC Treaty. Its substance was examined by the representatives of the Member States at a multilateral meeting.

The Commission intends to amend the existing notification procedure for Eureka projects at a later stage and will propose appropriate measures to that effect (Article 93 (1) of the EC Treaty).

- 4.8. Individual grants of aid outside the scope of authorized R&D schemes are to be notified pursuant to Article 93 (3) of the EC Treaty unless they constitute *de minimis* awards.

## 5. Aid intensity

- 5.1. The allowable intensity of aid will be determined by the Commission on a case-by-case basis. The Commission assessment in each case will take into consideration the nature of the project or programme, overall policy considerations relating to the competitiveness of European industry, the risk of distortion of competition and the effect on trade between Member States. A general evaluation of such risks leads the Commission to consider that fundamental research and industrial research may qualify for higher levels of aid than precompetitive development activities, which are more closely related to the market introduction of R&D results and, if aided, could therefore more easily lead to distortions of competition and trade.

- 5.2. The public financing of fundamental research that is normally independently carried out by non-profit-making higher-education or research establishments does not constitute State aid within the meaning of Article 92 (1) of the EC Treaty.

In exceptional cases where fundamental research is carried out by or for firms, the aid would fall within Article 92 (1) of the EC Treaty but, since this type of research is far from the market and its results are in principle widely available for exploitation on a non-discriminatory basis and at market rates, it may be awarded at a gross aid intensity of up to 100 %.

To qualify as fundamental research, the work should not be linked to any industrial or commercial objectives of a particular enterprise, and a wide dissemination of the results of the research must be guaranteed.

- 5.3. As a general rule, the gross aid intensity for industrial research must not exceed 50 % of the eligible costs of the project (as defined in Annex II).
- 5.4. Technical feasibility studies preparatory to industrial research activities may qualify for aid amounting to 75 % of study costs, while such studies preparatory to precompetitive development activities may qualify for support amounting to 50 % of study costs; these ceilings have been set in the light of the negligible impact of such aid on competition and trade conditions.

- 5.5. Precompetitive development activities are close to the market and there is a greater risk that any such aid will distort competition and intra-Community trade.

In line with Commission practice established over the past years, the permissible gross aid intensity is fixed at 25 % of the eligible costs for the project (as defined in Annex II).

- 5.6. As stated in point 4.3 of the framework, Member States are free to use all instruments of aid to support R&D. In the case of advances that are repayable only in the event of a successful outcome of research activities, the permissible aid intensity (in gross grant equivalent) is that stipulated by this framework for the various stages of research. In the event of failure of the research concerned, the Commission, in line with past practice, may allow a higher level of aid intensity since the project's failure reduces the risk of competition and trade being distorted.

When notifying reimbursable aid, Member States are required to inform the Commission of the amounts and exact procedures for repayment, with the proposed conditions being assessed by the Commission on a case-by-case basis.

- 5.7. With a view to encouraging dissemination of research results, the Commission considers that aid in support of patent applications and renewals by SMEs (within the meaning of the current Community definition) may be granted up to the same level as that for the research activities which first led to the patents concerned.
- 5.8. In the case of State aid for an R&D project being carried out in collaboration between public research establishments and enterprises, the combined aid deriving from direct government support for a specific research project and, where they constitute aid (see point 2.4), contributions from public research establishments to that project may not exceed the abovementioned aid ceilings.
- 5.9. In cases of R&D activity spanning industrial research and precompetitive development activities, the permissible aid intensity will not normally exceed the weighted average of the permissible aid intensities applicable to the two types of research.
- 5.10. Without prejudice to the case-by-case assessment, which, as indicated in point 5.1, will normally be made, the aid intensities specified in points 5.3 to 5.8 of the framework may be exceeded in the following situations:

5.10.1. Where the aid is to be given SMEs <sup>(1)</sup>: an extra 10 percentage points;

5.10.2. Where the research project is carried out in an Article 92 (3) (a) region: an extra 10 percentage points;

Where the research project is carried out in an Article 92 (3) (c) region: an extra 5 percentage points;

The abovementioned regional bonuses may be exceeded, taking into account the ceilings applicable to regional investment aid and the need to stimulate intangible investment in conformity with Commission policy, without however exceeding the limits set out in point 5.10.6.

<sup>(1)</sup> The definition currently applied is that in the Community guidelines on State aid for SMEs (OJ No C 213, 19. 8. 1992, p. 10).

- 5.10.3. Where the research project is in accordance with the objectives of a specific project or programme undertaken as part of the Community's current framework programme for R&D, it will qualify for an extra 15 percentage points.

That figure will rise to 25 percentage points where the project also involves effective cross-border cooperation between firms and public research bodies or between at least two independent partners in two Member States and where its results are widely disseminated and published, whilst observing intellectual and industrial property rights.

- 5.10.4. Where the research project is not in accordance with the objectives of a specific project or programme undertaken as part of the Community's current framework programme for R&D, the Commission will allow increases of up to 10 percentage points provided that at least one of the following conditions is satisfied:

- (a) the project involves effective cross-border cooperation between at least two independent partners in two Member States, particularly in the context of coordinating national RTD policies;
- (b) the project involves effective cooperation between firms and public research bodies, particularly in the context of coordination of national RTD policies;
- (c) the project's results are widely disseminated and published, patent licences are granted or other appropriate steps are taken under conditions similar to those for the dissemination of Community RTD results (Article 130j of the EC Treaty).

- 5.10.5. The Member State concerned must provide the Commission with sufficient information to enable it to assess whether these criteria are met.

- 5.10.6. The combination of the increases described at points 5.10.1 to 5.10.4 with the percentages specified at points 5.3 and 5.8 may not exceed a maximum gross intensity of 75 % for industrial research and 50 % for precompetitive development activities. These limits must be respected in all cases.

- 5.11. Where State aid for R&D qualifies for the derogation laid down in Article 92 (3) (b) of the EC Treaty, the gross aid intensity must not exceed the limits authorized by the WTO's Subsidies Code (75 % for industrial research, 50 % for precompetitive development activities).

- 5.12. The ceilings laid down above in respect of R&D aid apply to State aid.

However, when examining R&D aid, the Commission must take into account the effect on competition and trade of a combination of State aid with Community financing.

Where Community financing and State aid are combined, total official support may not exceed 75 % in the case of industrial research and 50 % in the case of precompetitive development activities.

- 5.13. Gross intensities of 75 % for industrial research and 50 % for precompetitive development activities (maximum intensities authorized by the WTO's Agreement on Subsidies and Countervailing Measures for non-actionable subsidies may be authorized



if similar projects or programmes of competitors located outside the European Union have received (in the last three years), or are going to receive, aid of an equivalent intensity for the two types of research.

If at all possible, the Member State concerned will provide the Commission with sufficient information to enable it to assess the situation, in particular regarding the need to offset the competitive advantage enjoyed by a third-country competitor.

If the Commission has evidence (official publication, notification to the WTO, OECD data, budgetary documents, etc.) that aid granted or proposed by a third country attains a rate that justifies a higher aid intensity, it will give its opinion on the notification requesting such alignment within 30 working days for an individual case and within two months for a scheme.

If there is only circumstantial evidence, the Commission, having collected all appropriate information from the Member States, will give its opinion on the advisability of alignment within two months.

The abovementioned time limits will run from the receipt of a detailed request from one or more Member States.

#### 6. Incentive effect of R&D aid

- 6.1. State aid for R&D should serve as an incentive for firms to undertake R&D activities in addition to their normal day-to-day operations. It may also encourage firms not carrying out research and development to undertake such activities. Where this incentive effect is not evident, the Commission may consider such aid less favourably than it usually does.
- 6.2. In order to verify that the planned aid will induce firms to pursue research which they would not otherwise have pursued, the Commission must take particular account of quantifiable factors (such as changes in R&D spending, in the number of people assigned to R&D activities and in R&D spending as a proportion of total turnover), market failures, additional costs connected with cross-border cooperation and other relevant factors indicated by the Member State that made the notification. Proposed aid may also be permitted if it contributes towards expanding the scope of research or speeding it up.
- 6.3. Accordingly, the Commission calls on Member States, both when notifying R&D aid and when submitting annual reports on the implementation of approved aid schemes, to demonstrate that the aid is necessary as an incentive, and is on no account operational aid.
- 6.4. The Commission may assume that the aid provides a necessary incentive if the recipient is an SME within the meaning of the current Community definition.
- 6.5. The Commission will attribute particular importance to the conditions at points 6.2 and 6.3:
  - in the case of individual, close-to-the-market research projects to be undertaken by large firms,
  - in all cases in which a significant proportion of the R&D expenditure has already been made prior to the aid application.

## 7. Annual reports

For each authorized aid scheme, the Commission will generally request an annual report on implementation. On the basis of these reports, the Commission will be in a position to monitor the allocation of aid and, if necessary, propose appropriate measures if it considers that the scheme is distorting, or is likely to distort, competition contrary to the common interest, e.g. by undue concentration on specific sectors or firms.

These reports have to be in accordance with the requirements set out in the Commission's letter to the Member States dated 22 February 1994, as amended on 2 August 1995, on standardized notifications and reports.

## 8. Implementation

- 8.1. The framework will be implemented in accordance with other Community policies on State aid, the provisions of other European treaties and legislation adopted pursuant to those Treaties. This applies in particular to State aid in the nuclear field, which is still covered by Article 232 (2) of the EC Treaty, by the provisions of the Euratom Treaty and, where defence aspects are concerned, by Article 223 of the EC Treaty.
- 8.2. Once the Regulation implementing the OECD Agreement respecting normal competitive conditions in the commercial shipbuilding and repair industry enters into force, State aid for R&D activities in the shipbuilding and ship repair sector will no longer be covered by the framework but will be evaluated in accordance with the provisions of that Regulation.

## 9. Duration

The Commission will review the framework in five years' time. It may also decide to amend it at any time, in cooperation with the Member States, should it prove necessary for reasons connected with competition policy or to take account of other Community policies and international commitments.

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## ANNEX I

### Definition of the stages of R&D for the purposes of Article 92 of the EC Treaty

The framework is intended to cover R&D aid linked directly to the subsequent production and marketing of new products, processes or services in so far as it meets the conditions of Article 92 (1) of the EC Treaty. The following definitions are designed to help Member States to formulate their notifications. They are intended to be indicative not normative.

- By **fundamental research** is meant an activity designed to broaden scientific and technical knowledge not linked to industrial or commercial objectives.
- By **industrial research** is meant planned research of critical investigation aimed at the acquisition of new knowledge, the objective being that such knowledge may be useful in developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.
- By **precompetitive development activity** is meant the shaping of the results of industrial research into a plan, arrangement of design for new, altered or improved products, processes or services, whether they are intended to be sold or used, including the creation of an initial prototype which could not be used commercially. This may also include the conceptual formulation and design of other products, processes or services and initial demonstration projects or pilot projects, provided that such projects

cannot be converted or used for industrial applications or commercial exploitation. It does not include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.

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## ANNEX II

### Eligible R&D costs for the purpose of calculating the aid intensity

The costs set out below will be regarded as eligible for the purposes of calculating the intensity of R&D aid (where generated by other activities as well — in particular other R&D activities — they must be broken down by type of activity):

- personnel costs (researchers, technicians and other supporting staff employed solely on the research activity),
- costs of instruments, equipment, and land and premises used solely and on a continual basis (except where transferred commercially) for the research activity,
- cost of consultancy and equivalent services used exclusively for the research activity, including the research, technical knowledge and patents, etc. bought from outside sources,
- additional overheads incurred directly as a result of the research activity,
- other operating expenses (e.g. costs of materials, supplies and similar products) incurred directly as a result of the research activity.

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## ANNEX III

**Additional information normally to be supplied in the notification provided for by Article 93 (3) of the EC Treaty of State aid for R&D (schemes, cases of aid granted under an approved scheme and *ad hoc* aid cases)**

*(To be attached to the general questionnaire in Part A of Annex II to the letter of 2 August 1995 addressed by the Commission to the Member States concerning notifications and standardized annual reports)*

### 1. Objectives

Detailed description of the aims of the measure and of the type/nature of the R&D to be assisted.

### 2. Description of the R&D stages eligible for aid

- 2.1. Fundamental research
- 2.2. Definition stage or feasibility studies
- 2.3. Industrial research
- 2.4. Precompetitive development activity
- 2.5. Pilot or demonstration projects.

### 3. Details of cost items eligible for aid

- 3.1. Personnel costs (researchers, technicians and other supporting staff employed solely on the research activity).
- 3.2. Cost of instruments, equipment and land and premises used solely and on a continual basis (except where transferred commercially) for the research activity.

- 3.3. Cost of consultancy and equivalent services used exclusively for the research activity, including the research, technical knowledge and patents, etc. bought from outside sources.
- 3.4. Additional overheads incurred directly as a result of the research activity.
- 3.5. Other operating expenses (e.g. costs of materials, supplies and similar products) incurred directly as a result of the research activity.

#### 4. Type and intensity of the aid

- 4.1. Description of the type and intensity of the aid for each R&D stage qualifying for aid.
- 4.2. Detailed description of any bonuses applicable, and maximum aid intensity.
- 4.3. Specify whether the R&D activities eligible for aid are wholly or partly located in an assisted region (Article 93 (3) (a) or 92 (3) (c)).

#### 5. Cooperative research

- 5.1. Are projects carried out in cooperation between a number of firms eligible for aid? On special terms? If so, what are the terms?
- 5.2. Does the aid proposal provide for cooperation between enterprises and other bodies, such as research institutes and universities? On special terms? If so, please describe.
- 5.3. If research institutes receive aid for a specific research project, what is the amount and intensity of that aid?

#### 6. Multinational aspects

Does the proposal (*ad hoc* case/scheme/programme) have any multinational aspects (e.g. Esprit or Eureka projects)? If so:

- 6.1. Does the proposal involve cooperation with partners in other countries? If so, state:
  - (a) which other Member States
  - (b) which other third countries
  - (c) which enterprises or research centres in other countries
- 6.2. What is the total cost of the proposal (*ad hoc* case/scheme/programme)?
- 6.3. Give the breakdown of the total cost by partner.

#### 7. Application of the results

- 7.1. Who will own the R&D results in question?
- 7.2. Are any conditions attached to the granting of licences in respect of the results?
- 7.3. Are there any rules governing the general publication/(dissemination of the R&D results)?
- 7.4. Indicate the measures planned for the subsequent use/development of the results.

#### 8. Incentive effect of R&D aid

- 8.1. With regard to schemes, what measures are envisaged for ensuring that the aid has an incentive effect on R&D (see point 6 of the framework)?
  - 8.2. With regard to *ad hoc* aid — especially in the cases referred to at point 6.5 of the framework — what factors have been taken into account to ensure that the aid has an incentive effect on R&D?
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