

# Support programme "Future Investments in the Vehicle Industry" worth up to EUR 1.5 billion.

**THE FEDERAL MINISTRY OF ECONOMICS AND ENERGY (BMWI) HAS GIVEN THE GO-AHEAD FOR THE PREVIOUSLY ANNOUNCED SUPPORT PROGRAMME, WHICH IS TO PROVIDE THE VEHICLE INDUSTRY WITH A TOTAL OF EUR 1.5 BILLION BETWEEN 2021 AND 2024.**

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## Executive Summary

- Structural change and the effects of the Corona pandemic pose major challenges for vehicle manufacturers and their suppliers. To support the vehicle industry in this regard, the BMWi is providing funding of EUR 1.5 billion as part of the support programme "Future Investments in the Vehicle Industry"
  - Within the scope of 3 funding modules, funding for digitalisation, modernisation of production, research and development as well as regional networking in innovation clusters can be applied for on the basis of 4 funding guidelines.
  - Funding amounts can be up to EUR 20 million and are also intended to benefit small and medium-sized enterprises (SMEs) in particular.
  - The 4 funding guidelines are to come into force in the next few weeks, immediately with their publication in the Federal Gazette. After that, organisations will be able to apply for funding. The BMWi promises a simple, digital and unbureaucratic application process.
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## Background and objectives of the funding

On 3 June 2020, the Federal Government published the economic stimulus package "Fighting the consequences of Corona, securing prosperity, strengthening future viability", which states, among other things: "A bonus programme will be set up for the years 2020 and 2021 for future investments by vehicle manufacturers and the supplier industry. It serves to promote investments in new technologies, processes and plants. Research and development for transformation-relevant innovations and new regional innovation clusters, especially in the supplier industry, will be funded with 1 billion euros in 2020 and 2021.

"{Funding requirement: 2 billion euros}"

On this basis, the BMWi has now rolled out the announced funding programme "Future Investments Vehicle Manufacturers and Supplier Industry".

The aim is to support the German vehicle industry, and SMEs in particular, in dealing with the challenges and opportunities brought about by the structural change in the vehicle industry initiated by a steadily increasing degree of digitalisation.

In addition to the development of the vehicle itself, through (partial) automation of driving and the implementation of alternative drive models, vehicle manufacturers and suppliers are also facing new



influences in the context of their manufacturing and production processes. These include digitalisation, Industry 4.0 (i.e. intelligent production processes and new business models), automation and networking.

In order to promote the "sustainable, rapid and technologically open transformation of the vehicle sector", the BMWi has put together a funding package that will provide around EUR 1.5 billion for 2021 to 2024.

4 funding guidelines, which are assigned to 3 funding modules (module a, b and c), form the framework of the funding programme.

### **Module a - Modernising production as a boost for productivity and resilience**

The aim of the funding under module a is to support the modernisation of production, which may become necessary due to possible conversions to new product types and the related cost pressure. For this purpose, companies can apply for subsidies on the basis of 2 subsidy guidelines (as of their entry into force). In the guidelines belonging to module a, the BMWi emphasises that start-ups in particular should inform themselves about funding opportunities.

#### Funding Guideline Module a1 - Investments for the modernisation of production

According to the funding guideline "Investment programme for the modernisation of production in the vehicle manufacturing and supply industry", funding is provided for investments by companies to support the upcoming transformation, in particular investments in new production facilities, in Industry 4.0-capable infrastructure, in investments for ecological sustainability and in accompanying investments.

Namely, investments in the modernisation of production facilities, in technologies to improve connectivity, in the increased use of service robots or autonomous vehicles in production are to be eligible for funding.

Companies founded before 01.01.2019 in the commercial sector of the vehicle and supplier industry with their registered office, branch or permanent establishment in Germany can be eligible to apply for funding. The same applies to companies that have a significant connection to the vehicle and supplier industry.

The maximum amount of funding that a company can receive for investments to modernise production depends on the situation in the individual case, in particular on the investment being funded and the form of the application. Depending on the form of the subsidy applied for, the subsidy amount per company can be up to EUR 800,000.00 (in the context of small subsidies), up to EUR 7.5 million (in the context of investment subsidies for SMEs according to Art. 17 GBER) or, for example, up to EUR 15 million if the subsidised investment is accompanied by an improvement in energy efficiency.

#### Funding guideline module a2 - Digitisation of the vehicle industry

With the second guideline under funding module a, the funding guideline "Digitisation of the vehicle manufacturing and supply industry", the BMWi is pursuing the goal of advancing the digitisation of the German vehicle industry by funding projects in the field of research and development of innovative, data-oriented production processes and the implementation of Industry 4.0.

Projects that are eligible for funding under the funding guideline on digitisation shall in particular increase the efficiency and flexibility of production, serve the digitisation and flexibility of supply chains and manufacturing networks and secure the competitiveness of the funded companies.

Recipients of funding may be commercial enterprises with links to the vehicle and supplier industry whose registered office, branch or operating facility is located in Germany, as well as universities, research institutions, public institutions and other institutions with an interest in research and development.



The maximum funding amount depends on the details of the respective funding project. Funding of up to EUR 20 million per company and project is possible.

## **Module b - New, innovative products as the key to vehicles and mobility of the future**

By supporting research and development projects in a broad range of technological topics, funding under module b aims to increase the innovative strength of the German vehicle industry. The existing funding guideline "New Vehicle and System Technologies" of 12 June 2015 will be amended and adapted to the measures adopted in the economic stimulus package.

The structural change driven in particular by increasing digitalisation requires a new approach in which information technology solutions, such as advanced software and artificial intelligence, are becoming increasingly important.

To integrate these new approaches into the vehicle industry, the BMWi is funding research and development projects that drive innovations in the areas of "automated driving", "innovative vehicles" and "system technologies".

Eligible applicants are commercial enterprises, universities, research institutions, associations, foundations, municipal trade associations, commercial enterprises, educational institutions, regional authorities, municipal associations and other public bodies that have proven expertise in the field of the automotive industry and have a permanent establishment or other facility in Germany.

The funding amount, which depends on the content and structure of the application, can reach up to EUR 20 million in individual cases.

## **Module c - Finding joint solutions, building regional innovation clusters**

The focus of module c lies in the promotion of innovation clusters, i.e. the cooperation of different companies in research and development within the

framework of the thematic areas identified in modules a and b.

The BMWi emphasises that the transfer of knowledge and technology from research to application is of particular importance for the conversion to be carried out by the vehicle industry. The exchange of knowledge and experience between companies that have identified common interests is thus to be promoted within clusters and support the transformation of the participating funded companies.

Funding can be up to EUR 7.5 million (per innovation cluster) and is paid to the cluster itself, not to the participating companies.

The legal entity that operates the innovation cluster is eligible to apply and receive funding. Eligibility to apply also requires a permanent establishment or branch or other facility in Germany.

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