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Competition in Artificial Intelligence Infrastructure – Note by the European Union

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Antonio CAPOBIANCO
Antonio.Capobianco@oecd.org, +(33-1) 45 24 98 08

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European Union

1. Introduction

1. The European Commission is committed to supporting AI technologies, considering that they will reshape the EU's economy and potentially improve productivity and competitiveness, to the benefit of consumers, in terms of price, choice, innovation and quality. In order to benefit from AI technologies, it is necessary to provide for the appropriate hardware and software elements to operate those technologies, thus fully harnessing their potential. This requires most notably appropriate semiconductors, data centres and suitable software.

2. Already in 2021, the EU realised the importance of semiconductors when the President announced in the State of the Union address a European Chips Act to address the global chip shortage and bolster Europe's semiconductor industry. In the Chips Act Communication, the European Commission presented a European strategy to reinforce the Union's semiconductor system, by – among others – strengthening its research and development leadership, strengthen its capacity for innovation, manufacturing and packaging. This Communication was followed by the European Chips Act Regulation in 2023.

3. Next to chips production, enhancing computing capacity and infrastructure is a clear policy goal, set already in the 2030 Policy Programme 'Path to the Digital Decade'¹. Increased data centre capacity was supported through the target to establish climate-neutral, efficient and sustainable data centres. Moreover, increased computing capacity has been supported also in connection to AI, in particular through initiatives such as AI Factories.

4. Apart from supporting the development of infrastructure necessary for AI, the European Commission also incentivises the uptake and use of AI through the Apply AI Strategy², which includes actions to uptake AI and enhance its use across the Union, both with sectoral and horizontal initiatives. In its Strategy for Artificial intelligence in Science, accompanying the Apply AI Strategy, the European Commission upholds its 2018 commitment to invest in 'state-of-the-art supercomputing capacities' through its European High Performance Computing Joint Undertakings and its Regional development funds. While these efforts mainly concern the scientific sector, they are also intended to benefit industrial actors.

5. The European Commission also launched a call for contributions on competition in Generative AI, from 9 January to 11 March 2024. Interested stakeholders were invited to share their experience and provide feedback on competition in the markets related to Generative AI and their insights on how competition law can help ensure that these markets remain competitive. In September 2024, the European Commission published its assessment in a Policy brief on Competition in Generative AI and Virtual Worlds of

¹ European Commission Staff Working Document Accompanying the document Proposal for a Decision of the European Parliament and of the Council establishing the 2030 Policy Programme "Path to the Digital Decade. SWD(2021) 247 final, 15.9.2021.

² European Commission, "Apply AI Strategy", October 2025, available at: <https://digital-strategy.ec.europa.eu/en/policies/apply-ai>.

September 2024 (“Policy Brief”).³ According to the Policy Brief, chips manufacturing markets are a very important part of the AI value chain and may constitute a bottleneck for the emergence of new competitors in AI-related markets.

2. Recent policy initiatives related to AI infrastructure

6. On 9 April 2025, the European Commission adopted the AI Continent Action Plan⁴, which outlines a set of actions to make the EU a global leader in AI. One of the key areas is to build large-scale AI data and computing infrastructures across Europe for the AI ecosystem. In this respect, the AI Continent Action Plan identifies three actions:

1. deploying AI Factories, namely AI-optimised supercomputers with a compute capacity up to 25 000 advanced AI processors, open to users in the Union, including industry, research, academia and public administration to foster innovation, collaboration, and development in the field of AI. A network of 19 AI Factories across 16 Member States have already been announced, with at least 15 AI Factories expected to be operational in 2025-2026;
2. investing in AI Gigafactories, namely AI-optimised supercomputers with a computing capacity of at least 100 000 advanced AI processors, specialised in the training of very large AI models. Five AI Gigafactories are planned to be designated, for an estimated total investment of EUR 20 billion;
3. establishing a dedicated framework to boost the EU cloud and data centre capacity, aiming to at least triple that capacity by supporting the deployment of resource-efficient data centres across the Union.

7. As regards semiconductors, in September 2023, the European Parliament and the Council adopted the European Chips Act⁵ to strengthen the Union’s semiconductor ecosystem. In particular, ‘Pillar 1’ of the Chips Act aims to reinforce the EU’s semiconductor technology and innovation capabilities and ensure Europe’s chips technology leadership in the mid- to long-term. ‘Pillar II’ of the Chips Act sets out a framework to incentivise public and private investments in new manufacturing facilities to ensure the security of supply and resilience of the EU semiconductor ecosystem.

8. The Chips Act is currently under review and one of the key objectives of the revision will be to reduce the EU’s dependency on other parts of the world for leading-edge chips, notably by increasing the EU’s manufacturing capacity in advanced semiconductors for critical sectors, including AI chips for data centres (cloud/edge) and high-performance computing infrastructures (e.g. AI factories and gigafactories).

³ “Competition Policy Brief – Competition in Generative AI and Virtual Worlds”, September 2024, n°3, available at https://competition-policy.ec.europa.eu/document/download/c86d461f-062e-4dde-a662-15228d6ca385_en.

⁴ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – AI Continent Action Plan, COM(2025) 165 final, 9.4.2025.

⁵ Regulation (EU) 2023/1781 of the European Parliament and of the Council of 13 September 2023 establishing a framework of measures for strengthening Europe’s semiconductor ecosystem and amending Regulation (EU) 2021/694 (Chips Act), OJ L 229, 18.9.2023, p. 1–53.

3. AI and Chips value chains

9. According to the Policy Brief, for the development and deployment of AI models several key inputs are required, namely data, AI accelerator chips, computing infrastructure⁶, cloud capacity and technical expertise. A second important element in the value chain of AI models is the distribution channels available. Consumers are likely to have access to AI models via their mobile devices, software packages, or other digital platforms.

10. Within the chips layer, several levels can be identified: first the semiconductor and processor architecture markets, dominated by industry leaders such as Arm Holdings (“ARM”) and Intel Corporation (“Intel”). Lower in the chain, AI-specialised chips manufacturers, such as NVIDIA Corporation, Advanced Micro Devices, Inc. (“AMD”) and Intel design and manufacture these chips. These chips are then integrated into hardware by OEMs or immediately by the customers to whom they are sold, i.e. data centres, operating for several companies, or hyperscalers directly (such as Amazon Web Services, Microsoft Azure and Google Cloud).

11. Within chips, it is also important to distinguish between Graphics Processing Units (“GPUs”), Tensor Processing Units (“TPUs”) and other AI accelerators⁷. In the case of AI models, GPUs are particularly important especially since thousands of GPUs are required to train and operate those models. To face that ever-increasing demand, several partnerships have been concluded between large players and startups by providing the latter with computing capacity at cost in exchange for an access to their AI technology and intellectual property.

4. Application of Articles 101 and 102 to the chips markets

4.1. Past European Commission decisions

12. Ensuring the chips markets’ appropriate functioning by preventing both collusions and abuses of dominant position is a crucial step to promote European competitiveness, which is at the core of the European Commission’s Apply AI Strategy.

13. The European Commission has intervened on several occasions in the past in chips markets under Article 102 TFEU, namely in the *Intel*, *Broadcom* and *Qualcomm* cases.

14. On 13 May 2009, in the *Intel* case, the European Commission found that Intel, a microprocessor manufacturer, had abused its dominant position on the market for x86

⁶ Computing capacity, in the form of large clusters of chips, can be made available either in the form of physical data centres or on the cloud or in a combination of the two.

⁷ A GPU is an electronic circuit board able to quickly perform several mathematical calculations. Originally designed to speed up 3-D graphics, it was first used in the video games sector and has recently been repurposed to power other computer-intensive applications such as artificial intelligence and cryptocurrency mining (Graphics processing unit (GPU) | Definition, Applications, History, & Facts | Britannica) ; TPUs are Google’s “custom-developed, applications-specific integrated circuits used to accelerate machine learning workloads” They train AI models by using “hardware designed for performing large matrix operations and have on-chip high-bandwidth memory” allowing users to use larger models (Introduction to Cloud TPU | Google Cloud Documentation) ; AI Accelerators, also called “neural processing units” (“NPU”), are a kind of specialised hardware accelerator designed to accelerate machine learning applications and AI (What is an AI accelerator? | IBM).

central processing units (“CPUs”) by granting loyalty rebates to computer manufacturers on condition that they bought all, or almost all, their x86 CPUs from Intel and by making payments to computer manufacturers to halt or delay the launch of specific products containing competitors' x86 CPUs and to limit the sales channels available to these products (“*naked restrictions*”).⁸ The General Court had annulled the European Commission’s findings concerning Intel’s conditional rebates in the market for x86 CPUs but confirmed that Intel's naked restrictions amounted to an abuse of dominant market position under EU competition rules. The General Court also annulled the fine imposed on Intel in its entirety after concluding that it could not establish the amount of the fine relating only to the naked restrictions.⁹ Therefore, the European Commission adopted on 22 September 2023 a decision re-imposing on Intel a fine only for the naked restrictions.¹⁰

15. On 16 October 2019, in the *Broadcom* case, the European Commission found *prima facie* that Broadcom had infringed Article 102 TFEU and took the decision of imposing interim measures. The undertaking - who held a dominant position in the worldwide market for Systems-on-a-Chip (“SoC”) for set-top boxes and for both xDSL and fibre residential gateways – was found to have entered in six anti-competitive agreements with OEMs. These agreements contained provisions pertaining to exclusivity and quasi-exclusivity arrangements, obliging these manufacturers to obtain their inputs from Broadcom to ensure price and non-price advantages.¹¹ On 7 October 2020, the European Commission accepted and made binding the commitments proposed by Broadcom. The company undertook not to encourage, by means of price and non-price inducements, Original Equipment Manufacturers (“OEM”) to source a minimum percentage of their SoCs, xDSL modems and fibre modems from Broadcom nor to condition the supply of these to the purchasing of any other products covered by the commitments, within the EEA. At the global level, Broadcom was also required not to induce OEMs to get more than 50% of their requirements for SoCs, xDSL and fibre modems from Broadcom through advantages and not to condition the supply of SoCs for the same equipment to purchasing more than 50% of their requirements for any other products within the scope of the commitments from Broadcom¹².

16. On 18 July 2019, the European Commission fined Qualcomm for abusing its dominant position by supplying certain quantities of its Universal Mobile Telecommunications System (“UMTS”) chipsets to two of its key customers, Huawei Corporation and ZTE Corporation, below cost, with the intention of eliminating its main competitor. Indeed, Icera Inc., active in the leading-edge segment of the UMTS chipset market was expected to show promising growth thanks to the global take-up of smart

⁸ Commission decision of 13 May 2009 in case AT.37990 – Intel, available at https://ec.europa.eu/competition/antitrust/cases/dec_docs/37990/37990_3581_18.pdf.

⁹ Judgment of 26 January 2022, Intel Corporation, Inc. v. European Commission, T-286/09 RENV, ECLI:EU:T:2022:19, available at <https://curia.europa.eu/juris/document/document.jsf?text=&docid=252762&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=4068609>.

¹⁰ Commission decision of 22 September 2023 in case AT.37990 – Intel, , available at https://ec.europa.eu/competition/antitrust/cases1/202346/AT_37990_9687627_5129_3.pdf.

¹¹ Commission decision of 16 October 2019 in case AT.40608- Broadcom, available at https://ec.europa.eu/competition/antitrust/cases/dec_docs/40608/40608_2791_11.pdf.

¹² Commission decision of 7 October 2020 in case AT.40608 – Broadcom (commitments) , available at https://ec.europa.eu/competition/antitrust/cases/dec_docs/40608/40608_2860_3.pdf.

mobile devices.¹³ On 18 September 2024, the General Court confirmed the European Commission's decision.¹⁴

17. While these cases surfaced before the emergence of AI, they demonstrate the high vulnerability of the chips markets to anti-competitive practices by dominant undertakings.

4.2. Current risks

18. The recent worldwide chips shortage combined with the uptake of AI have made dominant undertakings' products, particularly GPUs, almost indispensable. Simultaneously, this economic context may enable large players to leverage their market power to hinder their customers from dealing with their competitors. As such, it is possible to identify risks of tying, bundling and other exclusionary practices.

19. In the context of its Policy Brief, the European Commission identified several potential anticompetitive concerns that could rise in the chips markets. For example, the following risks were raised:

1. The risk of large players, potentially enjoying preferential access to AI's key components - such as GPUs, supercomputing power, cloud capacity - granting it to third parties on an exclusive basis or preventing competitors from accessing it.
2. The risk of vertically integrated players adopting pricing policies that could lead to anticompetitive market practices such as margin squeeze.
3. The risk of agreements between horizontal competitors reducing competitive constraints between such players or enable unlawful exchange of commercially sensitive information.
4. The risk of investments in small AI developers by large players creating the conditions for the concentration of key inputs in the hands of few players, for foreclosure strategies or for other distortions of competition.

20. Given the magnitude and extent of the impacts of AI infrastructure and technologies, and the risks they might entail, the European Commission is therefore actively monitoring these sectors to ensure that competition is not negatively affected. In particular, the European Commission has launched preliminary investigations into markets that are crucial for the development of AI, like the markets for cloud or for different types of specialised chips (such as GPUs, TPUs and other AI accelerators).

5. Merger control in AI infrastructure markets

5.1. Past European Commission decisions

21. In addition to antitrust enforcement, the European Commission has assessed a number of transactions shaping the AI infrastructure markets.

¹³ Commission decision of 18 July 2019 in case AT.39711 – Qualcomm (predation) , available at https://ec.europa.eu/competition/antitrust/cases/dec_docs/39711/39711_4493_4.pdf.

¹⁴ Judgment of 18 September 2024, Qualcomm, Inc. v. European Commission, T-671/19, ECLI:EU:T:2024:626, available at <https://curia.europa.eu/juris/document/document.jsf?docid=290182&doclang=en>.

22. On 12 July 2023, the European Commission approved Broadcom's acquisition of VMware¹⁵ subject to commitments. The European Commission assessed whether combining Broadcom's hardware components with VMware's server virtualisation software could allow the merged entity to restrict interoperability with rival hardware suppliers. The investigation highlighted the key role of server OEMs as intermediaries with the purchasing power and technical capacity to integrate multi-supplier solutions, helping to mitigate foreclosure risks. To address concerns of the European Commission about the vertical relationship of VMware's server virtualisation software with Broadcom's Fibre Channel Host Bus Adapters, a market in which Broadcom was facing only a single competitor, Broadcom committed to guarantee continued access to VMware's APIs and certification programme for third-party hardware vendors. This case illustrates the European Commission's focus on interoperability and component-level choice as essential safeguards in AI-relevant infrastructure layers.

23. On 20 December 2024, the European Commission unconditionally cleared the acquisition by NVIDIA of the Israeli start-up Run:ai, which develops GPU orchestration software used to manage and optimise AI compute workloads.¹⁶ The European Commission assessed whether NVIDIA, the leading supplier of datacentre GPUs, could strengthen its dominant position in discrete GPUs for use in datacentres by denying compatibility of its GPUs with competing GPU orchestration software as a first step, and hampering compatibility of Run:ai's software and competing GPUs as a second step. The European Commission ultimately cleared the transaction unconditionally, concluding that NVIDIA would not have the ability nor the incentive to engage in such foreclosure, as many relevant tools and APIs are open source or widely used across the ecosystem. The case nevertheless highlights that the European Commission takes conglomerate effects and interoperability risks in AI compute markets seriously.¹⁷

5.2. Current risks

24. The European Commission has recognised that consolidation in the AI infrastructure markets, ranging from semiconductors and networking components to associated software or related IP, may determine access to critical computing resources and thus influence competition and innovation in AI-related markets.

25. In the context of its Policy Brief, the European Commission identified a risk of aggressive acquisition strategies that could allow leading tech companies to absorb innovative startups, diminishing the vibrancy and diversity in this sector and eliminating potential challengers or innovative technologies that could be disruptive to their existing models. Such acquisition strategies may also consist of absorbing most of a company's key personnel (acqui-hires) and critical know-how. In its press release of 18 September 2024 concerning the acquisition of assets from Inflection AI by Microsoft, the European Commission clarified that an acqui-hire can be reviewable as a concentration under the EU Merger Regulation.

¹⁵ Commission decision of 12 July 2023 in case M.10806 – Broadcom/VMware, available at https://ec.europa.eu/competition/mergers/cases1/202520/M_10806_10624386_6538_3.pdf.

¹⁶ Commission decision of 20 December 2024 in case M.11766 – NVIDIA/Run:ai, available at https://ec.europa.eu/competition/mergers/cases1/202516/M_11766_10599589_2740_3.pdf.

¹⁷ Although the transaction did not meet EU notification thresholds, the European Commission obtained jurisdiction following an Article 22 referral by the Italian national competition authority, reflecting the European Commission's readiness to scrutinise below-threshold acquisitions in fast-moving technology markets.

26. The European Commission will continue to closely scrutinise transactions involving AI-critical inputs, including compute accelerators, interconnect technologies, and software. These reviews ensure that vertical and conglomerate mergers do not foreclose independent suppliers or limit customer choice, while allowing pro-competitive combinations that can foster innovation and efficiency in Europe’s AI ecosystem.

6. Application of article 107 tfeu (State aid) in the AI infrastructure sector

27. Member States may support AI infrastructure projects based on the State aid Framework for research, development and innovation¹⁸ (R&D&I), the State aid Communication on Important Projects of Common European Interest¹⁹ (IPCEI), and the General Block Exemption Regulation²⁰ (in particular provisions on research aid and aid for SMEs and start-ups).

28. In addition, the EU announced in its Chips Act Communication of February 2022 to allow State aid by the Member States for new semiconductor production facilities. Because they do not fall under any specific State aid guidelines, they are assessed on a case-by-case basis directly under Article 107(3)(c) TFEU following the principles set out in the Chips Act Communication.

29. The following sections focus on aid for new semiconductor manufacturing capacity and IPCEIs in the field of microelectronics.

6.1. Aid for new semiconductor manufacturing capacity

30. The Chips Act Communication explains that it is exceptional to apply State aid directly under the Treaty and that this approach must be limited to the exception cases. This concerns the chips industry in view of the specificities of this industry, including large investment requirements, barriers to entry and the availability of subsidies outside the EU. Article 107(3)(c) TFEU requires to balance positive effects of developing an economic activity with the potential negative impact on trade and competition. As part of its balancing exercise, the European Commission verifies in particular that:

1. the aided production facility is “first-of-a-kind” in the Union, i.e. the facility is innovative (e.g. in terms of products manufactured or production processes applied) and the innovation in question is not yet substantively present or committed to be built in the Union;
2. the aid is necessary and proportionate, i.e. it does not exceed a proven funding gap, which represents the additional funds needed for the project to match the financial return which would be achieved in the counterfactual scenario that would occur in the absence of aid (e.g. if the project would be executed outside the Union);

¹⁸ Communication from the Commission Framework for State aid for research and development and innovation 2022/C 414/01, C/2022/7388, OJ C 414, 28.10.2022, pp. 1–38.

¹⁹ Communication from the Commission – Criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest (2021/C 528/02), ‘IPCEI Communication’.

²⁰ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, pp. 1–78.

additional safeguards in case of unexpected future gains apply (so called “clawback”);

3. the aid has additional positive effects that go beyond the aid beneficiary, e.g. the aided project helps to strengthen the Union’s security of supply of chips and to increase qualified workforce, the aid beneficiary commits to continued innovation in the Union’s semiconductor ecosystem, or the project positively contributes to cross-border cooperation and cohesion in the Union.
31. Since 2022, the European Commission has adopted eight State aid decisions based on the Chips Act Communication, representing a total aid amount of up to EUR 12.8 billion and entailing initial investments of EUR 28.5 billion:
- On 4 October 2022, the European Commission approved a EUR 292.5 million Italian measure, made available through the Recovery and Resilience Facility (“RRF”), to support STMicroelectronics in the construction of a Silicon Carbide (SiC) wafer plant in Catania, Sicily. The total investment is worth about EUR 730 million.
 - On 27 April 2023, the European Commission approved a French measure to support STMicroelectronics and Global Foundries to jointly set up and operate a semiconductor facility in Crolles (FR). The total project is worth about EUR 7.4 billion.
 - On 31 May 2024, the European Commission approved around EUR 2 billion for an Italian State aid measure to support STMicroelectronics to set up a new semiconductor manufacturing facility for a fully integrated silicon carbide (SiC) production line based on 8-inch wafer technology in Catania, Sicily. The total investment is worth about EUR 5 billion.
 - On 20 August 2024, the European Commission approved a EUR 5 billion German measure to support TSMC, Bosch, Infineon and NXP with setting up a new semiconductor manufacturing facility (“ESMC”) in Dresden, serving in particular automotive and industry demand.
 - On 18 December 2024, the European Commission has approved a EUR 1.3 billion Italian measure to support Silicon Box in the construction of a semiconductor advanced packaging and testing facility in Novara.
 - On 20 February 2025, the European Commission approved a EUR 920 million German aid measure for the construction of a new semiconductor manufacturing plant in Dresden. The measure will allow Infineon to complete the MEGAFAB-DD project which will be able to produce a wide range of different types of chips. This new manufacturing plant will bring flexible production capacity to the EU and thereby strengthen Europe’s security of supply, resilience and technological autonomy in semiconductor technologies.
 - On 24 February 2025, the European Commission approved a EUR 227 million Austrian State aid measure to support ams Osram in setting up an integrated wafer manufacturing facility in Premstätten. The wafers will be used in chips that serve a diverse range of applications across the automotive, consumer, industrial and medical markets.
 - On 27 July 2025, the European Commission has approved a EUR 41.5 million Italian State aid measure to support Ephos S.r.l., an Italian SME, in the setting up of a first-of-a-kind manufacturing facility for glass-based photonic chips in the area of Milan. The facility will help integrate optical materials on glass-based photonic

circuits. This will allow faster manufacturing of photonic chips and address high-value applications such as data centres and quantum computing.

6.2. IPCEIs in the field of Microelectronics

32. IPCEI are projects focusing on research, development and innovation or on key open infrastructure, bringing together undertakings from different Member States under common objectives, structure and systemic approach. State aid for IPCEI can be declared compatible with the internal market under Article 107(3)(b) TFEU and the IPCEI Communication.

33. On 18 December 2018, the European Commission approved the first IPCEI in the field of Microelectronics. A total of 32 companies from four Member States (Austria, France, Germany, Italy) and the United Kingdom have participated in this project. The project's overall objective was to enable research and develop innovative technologies and components (e.g., chips, integrated circuits, and sensors) that can be integrated in a large set of downstream applications. These included consumer devices, for example home appliances and automated vehicles, and commercial and industrial devices, for example the management systems for batteries used for electric mobility and energy storage. The four Member States and the United Kingdom provided up to €1.9 billion in funding, which was expected to unlock additional €6.5 billion in private investments.

34. On 8 June 2023, the European Commission approved the second IPCEI in the field of Microelectronics, including communication technologies (IPCEI ME/CT). The project notified by 14 Member States involves 68 projects from 56 companies, that form part of the wider IPCEI ME/CT ecosystem involving over 30 associated participants. The overall objective of the IPCEI ME/CT is to enable the digital and green transformation by: (i) creating innovative microelectronics and communication solutions, and (ii) developing energy-efficient and resource-saving electronics systems and manufacturing methods. It will contribute to the technological advancement of many sectors, including communications (5G and 6G), autonomous driving, artificial intelligence and quantum computing. It will also support companies active in the energy generation, distribution and use in their green transition.

35. Apart from those approved IPCEIs, interested Member States are working on the design of one more candidate IPCEI²¹ on advanced semiconductor technologies, as well as two candidate IPCEIs on computing infrastructure and AI: the former is focusing on compute infrastructure for data processing activities including AI, and latter on research into innovative AI technologies and applications.

7. Conclusion

36. The European Commission is following very closely the developments of the AI Infrastructure market, and in particular the status of competition in the related markets. In that context, the European Commission has already used in the past its powers under Article 102 and 107 of the TFEU as well as its Merger Regulation and will continue to use so to make sure that competition in these markets is not distorted.

²¹ The materialisation of IPCEI candidates depends on the industrial policy priorities and fiscal capacities of the interested Member States.