

EARTO Views on EU Competitiveness Council's Conclusions of 1 December 2017: Towards FP9

1 December 2017

EARTO very much welcomes today's Competitiveness Council's conclusions as a strong statement in favour of continuity of EU RD&I Policy and of strong European Commission (EC) Framework Programmes (FPs). EARTO, being a great supporter of the EC Framework Programmes, values the Council's call for a strong FP9 embracing the true EU added-value of those FPs: collaboration. EARTO would like to emphasise some of the Council's conclusions' key messages which we feel are important choices for setting up future EU RD&I Policy, including one of its key instruments: FP9.

Increased EU FP9 Budget in the next MFF

The Council restated the importance of the EU's objectives to "*strengthen its scientific and technological base*", noting that FP9 will be key to achieve those objectives to stimulate growth and create jobs. Doing so, the Council re-established the 3% of RD&I spending in GERD as a renewed key EU target for the years to come, to be translated back in the new MFF. As the Council stated, the "*EU remains at a considerable distance from its headline target of investing 3% of GDP per year in R&D. ... (The Council) calls on the Member States together with the private sector to strive for increasing their investments in R&I to jointly reach the 3% goal*".

In view of the on-going MFF negotiations, unfortunately, the Council did not offer yet a figure for the next FP9 budget. However, it mentioned the backup received for an increased FP9 budget of 120 billion euro by the European Parliament. EARTO members, supporting European industry and economic development, very much encourage the Member States to align their renewed ambition to reach the RD&I investment target of 3% of GDP per year with the proper increase of FP9 budget to support them doing so and in leveraging private investments. For more on this, please see the [Lamy Report](#), [the RTOs-Industry Joint Declaration](#) as well as the recent [call from CEOs of industry for a strong FP9 to support their own RDI investments](#).

Cooperation, Excellence, Impact and Openness

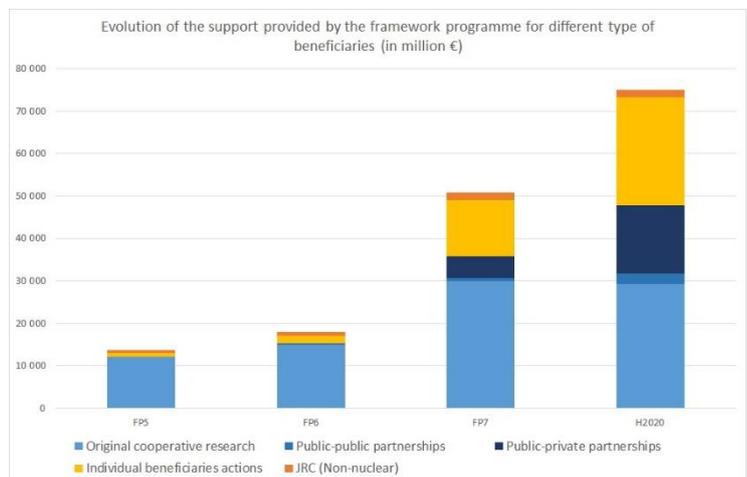
The Council agreed that FP9 principles will be "*Cooperation, excellence, impact and openness*".

Regarding excellence, the Council notes that "*excellence (should remain as) the main evaluation criterion*". EARTO very much welcomes the emphasis on excellence again for FP9. In this context, EARTO welcomes the Council's recognition "*that the participation gap and the innovation divide must continue to be addressed by various measures and initiatives, both at national and EU level, including Cohesion Policy instruments*".

Regarding impact, EARTO hereby offers its support to the European Commission who has been tasked to further develop common evaluation methods (including macro-economic models and modelling tools) to look at FPs' impact. Indeed, RTOs have experience with measuring their scientific/technological and economical and impact (see [EARTO Economic Footprint Study](#)).

Regarding collaboration, EARTO members strongly believe that collaborative applied research is the EU added-value of the FPs and should be kept a strong priority within FP9 and very much welcomes the Council conclusions in this matter. As noted in these conclusions, the "*EU added value must be the major driver for the design and implementation of the next FP*". The Council further mentions that "*R&I collaboration at the EU level has been a very successful example of European cooperation and integration*".

EARTO would like to refer to the [European Parliament Research Service's study](#) on the evolution of the EU Framework Programme for research, which points out the trend of explosion in funding for single beneficiaries programmes (like ERC, MSCA, SME instrument, risk finance) from FP6 to Horizon2020. The Council conclusions are reassuring as they stress "*that the FP is the main instrument at EU level to foster competitive trans-national and interdisciplinary R&I cooperation*". In FP9, this should be translated into a proper balance also in terms of funding between collaborative research versus single beneficiaries programmes. The issue is well noted by the Council which stresses that "*the current balance between collaborative projects and mono-beneficiaries activities (need) to be preserved*".



Source: [European Parliamentary Research Service](#), 2017

Key Enabling Technologies (KETs) programming in FP9

EARTO very much welcomes the Council's call "for a renewed ambition in innovation and emphasises the importance of supporting the whole innovation value chain, in particular high-risk disruptive technologies". Especially, EARTO supports the Council's emphasis on "the contribution of key enabling technologies to industrial competitiveness and leadership of the EU" and the Council's call "for continuous specific support for them in the ninth FP". Especially, Member States and the European Commission should ensure that the Key Enabling Technologies (KETs) still receive proper attention and budget within FP9. Today, KETs (ICT & NMBP) represent about 20% of the Horizon2020 budget, such budget share should be understood as the necessary minimum within FP9 should industrial competitiveness and leadership be kept as a key ambition for FP9.

In addition, FP9 should continue to fund the development of future KETs in pre-competitive innovation networks under a dedicated programme. In contrast to the still discussed missions-oriented approach, this part of the FP should continue to be technology driven and primarily focus on the development of a strong technological base in Europe. Under FP9, the new KETs programme should underpin and complement a mission-oriented approach. In this context, EARTO would like to underline the importance of the work that the current [High-level Strategy Group on Industrial Technologies](#) is undertaking in order to set the stepping stones for future programming of the KETs within FP9. The HLG will have to offer further structuring to the KETs by pointing out the future KETs as well as giving views on agenda setting with industry to support global challenges. In addition, further policy work will have to be defined on how to tackle the issues related to investment in technology infrastructures. Finally, the proper European instruments will need to be available to implement the plans to be proposed by the HLG KETs to boost Europe's competitiveness, those will include cPPPs and JTIs.

Rationalisation of the R&I funding landscape

The Council recognised "that R&I partnerships are an important element of EU R&I policy" and calls "the Commission and the Member States to jointly consider ways to rationalise the EU R&I partnership landscape... (and) to reflect on the appropriate share and possible capping of partnership instruments in the FP budget during the negotiations of the ninth FP". The rationalisation of the RD&I funding landscape will pass by a revision of instruments like the partnerships, especially the public-public partnerships that have been created under many formats/instruments over the years. There are today only 2 forms of EU private-public partnerships, namely the cPPPs and JTIs. Looking at simplifying the EU instruments landscape should aim at taking again a further step in improving the partnerships to reinforce their efficiency and impact and not to restrict their use. Member States and the European Commission should be able to use such partnerships when they are the best tools for the job to be done without limitations. The approach to partnerships should be left flexible to allow the EU action to be reactive to new challenges (economic or others). Capping such instruments will play against such reactivity and diminish the responsiveness capability of the Member States and the European Commission when times may call for it (e.g. 2008 economic crisis having brought the economic recovery package with new PPPs).

EARTO members supporting European industry and economic development have been great supporters and beneficiaries of excellent collaborative research done within the cPPPs and JTIs in which RTOs have been involved since their creation. These instruments are efficient vehicles for excellent applied collaborative research in Europe since FP7. They give EARTO members much-appreciated opportunities to work with various sectorial industries with their Original Equipment Manufacturer (OEMs) and suppliers (large & small). In EARTO members' experience, the Joint Undertakings (JUs) have been supporting Europe's industrial supply chains and innovation ecosystems around a good set of key industrial sectors. It is important to note that cPPPs and JTIs have not been set up along the same governance and functioning models bringing industry to play a more marked leading role in JTIs than in cPPPs. The reviews of both instruments have been good. They have shown great capacity in term of EU-wide agenda setting, showing relatively homogeneous results on the side of the cPPPs. On the side of JTIs, EARTO would like to point the model used for the JTI ECSEL which seems to have advanced the most in terms of allowing advanced EU coordination and agenda setting between Member States and the European Commission allowing the programming of large common EU projects. Even if it came with a certain level of complexity, this experience should be further capitalised for the further definition of EU private-public partnerships. On this topic, EARTO would like to refer to [its answers to the EC Consultation on the JUs](#).

Mission-Oriented Approach

The Council "calls on the Commission with the Member States to jointly establish very early a strategic programming process as part of the implementation of the ninth FP by developing its priorities, including possible future missions, and determining the optimal instruments for achieving the identified goals". In addition, the Council calls "on the Commission together with Member States to explore developing a strategic, interdisciplinary mission-oriented approach for addressing commonly agreed challenges with a European dimension and supporting industrial competitiveness". The possibility of programming a part of the FP9 with missions to face our next global challenges to better capitalize on interdisciplinarity crossing over challenges, sectors, discipline and stakeholders is an interesting perspective. Such missions will not be able to cover the wide range of RD&I to be tackled by FP9 and will most probably be restricted to a limited number of topics that can be widely communicated on. They would be the face-value of the next FP to the public aiming at proving the case for R&I investments to EU citizens.

First, to reach such goal, a new type of communication will have to be organised around those missions by the European Commission. Here the Council's suggestion of a *"pilot to involve citizens in the agenda-setting process"* may be an interesting exercise to see what the capabilities are on this. In addition, to further prove the case for RD&I investments in Europe to citizens, the timeframe of expected results may be planned according to the political timing of the FPs making (i.e. vs future FP10).

Second, their programming will largely depend on the definition of their expected results/impact at X years' time. Member States with the EC will have to define the expected results/impact very carefully as from them will be derived further programming of the work under such missions. Deciding on the expected impact of such missions will be a very delicate process, together with the available budget and fixed timing, both decisive for the set-up of a mission. It is therefore indispensable to make the decision process as transparent and reproducible as possible, with commonly agreed criteria, involving all relevant stakeholders. Here EARTO members will be a key asset to support Member States and the European Commission in defining the expected impact of the future missions having themselves extensive experience in doing so. Indeed, RTOs have a mission-oriented setting, both on societal and industrial challenges.

Third, how to organise the programming of those missions once the expected results will be set will be key. It will most probably require a portfolio of projects and the use of various funding instruments along the innovation chain. However, the rationale behind the possibility of wide open, non-descriptive calls for such missions' programming is unclear. Here again, RTOs will prove to be efficient partners in programming those missions having a multidisciplinary approach being used to work with a wide range of private and public partners, including society representatives such as local authorities, cities, end-users grouping, etc. As noted by the Council, the programming of those missions will need *"to be implemented by a portfolio of complementary instruments, including partnerships"*.

European Innovation Council

The Council noted *"the need for a consolidated portfolio of European innovation funding instruments and initiatives"* and stressed that the *"possible future EIC should be one important element of the EU's measures to support closer-to-market innovations and that it should bring added value and help strengthen the innovation ecosystem, including links between universities, technology and research organisations, companies of all sizes, in particular SMEs and start-ups"*. EARTO members, supporting European industry and economic development, welcome the emphasis the Council puts on the role of the EIC to facilitate collaboration thanks to its references on the EIC needed European added-value and the importance of strengthening innovation ecosystems. Here EARTO would like to refer to its various positions on the EIC ([here](#) and [here](#)) and especially to its last [position paper](#) on how to exploit the untapped potential of RTOs' deep-tech start-ups in Europe calling for new specific attention and support to be brought to the foundation of RTOs spin-offs.

Open Science & Access to Research Data

The Council noted that *"free movement of research data and knowledge is essential for a fully functioning ERA"*. In this context, EARTO believes that the two mentions 1) *"while respecting intellectual property rights, confidentiality, security concerns, European competitiveness and other legitimate interests"* and 2) of *"taking into account the principle 'as open as possible, as closed as necessary'"* are key to protect EU interests. Here EARTO would like to refer to its [position paper on Open X](#) which warns that the concept of "Open Science" is often associated with "free of charge access for all", thereby sacrificing the crucial element of shared value capture required for Open Innovation. In a balanced approach to "Open Science", the emphasis should therefore be on the availability and wide dissemination of technology rather than on the absence of pricing. Research results, i.e. data, should be "Open" where reasonably possible and "Restricted" where reasonably required. An unbalanced European Open Science policy not considering this recommendation will be working against any effective European Open Innovation policy.

Grants and Financial Instruments

In addition, the Council not only calls for a proper FP9 budget but notes as well that "grants should continue to be the main form of funding in the FP". This statement which is very much welcomed by EARTO (See EARTO [various amendments on the Juncker's Plan regulations](#) and its [statement with the ERA Stakeholders](#)). In addition, regarding financial instruments, the Council states that *"financial instruments and budgetary guarantees could be used to support the scale-up and growth of innovative companies and close-to-market activities"*. On this issue, EARTO would like to point out the recent [joint EIB-EARTO study made on RTOs needs to access finances](#) which defined a set of interesting recommendations. Finally, EARTO would like to point out that RTOs experiences with repayable advance schemes show that those schemes are not an appropriate scheme for RD&I support (as shown by the [OECD](#), those schemes are not used by the most innovative countries).

EU State-Aid Rules

EARTO very much welcomes the Council request to *"the Commission to review EU legislation on R&D&I state aid rules to take into account the global competitiveness of EU"*. EARTO members are looking forward to further supporting the European Commission's efforts to share first feedback on the last years of adapting to the new RD&I state-aid rules, especially as an analysis regarding the impact of those rules on today investments in RD&I infrastructures may be necessary.

Synergies and Complementarity between EU Funding

The Council noted that *“coherence with other EU funding programmes is impeded by different non-complementary intervention logics and the complexity of the various funding and other regulations such as state aid rules”*. EARTO very much appreciates the step further made by the Council today calling for the *“regulations for the next FP and the European Structural and Investment Funds, as well as state aid rules and any other relevant EU programmes, ... (to) be designed from the very beginning with synergies, coherence, compatibility and complementarity in mind in order to provide a level playing field for similar projects under different management modes and to consider harmonization of funding rules for R&I towards those of the FP”*. EARTO hopes that the future generation of Smart Specialisation Strategies can be embedded in a more global approach of designing RD&I strategies in the EU, overcoming current barriers like state-aid rules or the complexity of complementarity between Programmes.

For more information on EARTO positions on FP9, please refer to our earlier papers also expressing views on the simplifications efforts:

- [FP9](#)
- [H2020 Funding Model](#)
- [H2020 Mid-term review](#)
- [ESIF simplification](#)

EARTO and its members are of course ready to further support Members States and the European Commission in the elaboration of what will be the key EU policy of the future, the EU RD&I policy and FP9.

RTOs - Research and Technology Organisations

From the lab to your everyday life. RTOs innovate to improve your health and well-being, your safety and security, your mobility and connectivity. RTOs' technologies cover all scientific fields. Their work ranges from basic research to new products and services' development. RTOs are non-profit organisations with public missions to support society. To do so, they closely cooperate with industries, large and small, as well as a wide array of public actors.

EARTO - European Association of Research and Technology Organisations

Founded in 1999, EARTO promotes RTOs and represents their interest in Europe. EARTO network counts over 350 RTOs in more than 20 countries. EARTO members represent 150.000 highly-skilled researchers and engineers managing a wide range of innovation infrastructures.

EARTO Contact: Erwan de Kermadec, Policy Officer, kermadec@earto.eu, Tel: +32 2 502 86 98, www.earto.eu