

14 July 2020

## **Reaction to your new MFF negotiating box**

Dear President Michel,

Ahead of the upcoming European Council meeting, I would like to support your efforts to reach a timely agreement on the Multiannual Financial Framework (MFF). Europe and its citizens need a future-oriented MFF at the level of EU's ambitions, and we need it now.

As stated in the [EARTO Paper on the EU Economic Recovery Package](#), the [EARTO policy recommendations](#) and the [Joint Statement with 90+ key European industrial associations](#), EARTO has repeatedly called for a timely agreement on a future-oriented MFF at the level of EU's ambitions. At the edge of a deep economic recession, Europe requires now more than ever a future-oriented MFF with clear and ambitious commitments to prioritise Research, Development and Innovation (RD&I) investments.

Europe's technological excellence will be the decisive strategic factor to tackle the crisis and ensure Europe's economic recovery, rebuilding its industrial competitiveness, and safeguarding its long-term prosperity. The focus on green and digital transitions is essential to strengthen Europe's strategic value chains and ecosystems, and to boost the resilience of our societies in the long run. With EU private RD&I investments reducing, strong commitments of public RD&I investments at EU, national and regional levels are key: as stated in the [EC SRIP report](#), it is high time to make the EU 3% target of GDP investment in R&D a reality.

Accordingly, we are clearly disappointed by your current proposal to lower Horizon Europe programme by 5 Billion Euro that will be clearly counterproductive in our current economic context: it is the wrong signal to give at the wrong time.

By demonstrating support to technology-intensive sectors and thereby reducing the risk and uncertainty of private RD&I investments, EU funded-programmes like Horizon Europe and policies such as the EU Green Deal and the new EU Industrial Policy will enable to make innovation accessible to industries of all sizes across Europe. The European model of public-private co-financing needs to be fostered in the next MFF, especially by supporting the long-term trust-based partnerships between European industry and RD&I actors, such as Joint Technology Initiatives (JTIs), contractual Public Private Partnerships (cPPPs), Strategic Value Chains (SVCs) and Important Projects of Common European Interest (IPCEI), EIT KICs, etc.

In this context, Horizon Europe should be deployed to fund medium-term strategic collaborative RD&I projects under its pillar 2. This pillar 2 should receive a share of at least 60% of the total Horizon Europe budget, as it is essential to turn promising basic research results into technologies with industrial maturity, reducing the risk and uncertainty of private RD&I investments. As the RD&I arm of the EU Green Deal and key enabler of the digital transition, this pillar will also be crucial for Europe's recovery.

In addition, we also noted that you proposed additional cuts to the EU RD&I budget by lowering funding to the Digital Europe and Defence Programmes compared to the European Commission's latest proposal. This is also counterproductive to the current EU Policy targets in terms of digitalisation and sovereignty of our economy. EARTO hereby stresses again the importance of other EU funded programmes complementing Horizon Europe and essential to ensure that technologies and innovations reach market maturity in areas of key public interest. The funding for those programmes should be strengthened in the Post-2020 EU budget, not lowered.

EARTO Members are fully convinced that Europe has the potential to rapidly and smartly recover from the current crisis while remaining a model of economic and social prosperity. An ambitious and swift agreement on the next MFF is crucial to launch the key EU RD&I programmes on time and ensure the funds can have the greatest impact in supporting our recovery.

We are committed to play our part and support Europe. History will judge positively those who invested on making our future better than the past. Research and innovation have time and time again proved to be Europe's way forward and cutting their future now sends absolutely the wrong signal. We count on the European Council to take the necessary decisions this week.

Yours sincerely,



Antti Vasara  
President of EARTO  
CEO of VTT, Finland

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*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.*

**Contact:** Muriel Attané, Secretary General, [attane@earto.eu](mailto:attane@earto.eu), + 32 2 502 86 98