

EARTO Response to the EC Consultation on European Innovation Act

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EARTO, representing over 350 Research and Technology Organisations (RTOs) across Europe and beyond, welcomes the European Commission's (EC) initiative to shape a [European Innovation Act](#). To respond to the EC's [call for evidence](#), EARTO welcomes the EC's efforts and initiatives to create an innovation-friendly environment to boost the EU's competitiveness, economic growth and security. Accordingly, this paper raises issues identified by European RTOs and offers recommendations for the further development of the proposed European Innovation Act. Accordingly, EARTO would like to highlight five key enabling policy areas where decisive measures are needed.

Strengthening Technology Infrastructures (TIs)

EARTO warmly welcomes the European Commission's [new EU strategy on Research and Technology Infrastructures](#), which marks a pivotal moment for Europe's RD&I ecosystem and recognises the indispensable role of Technology Infrastructures (TIs) in ensuring continuity across the R&I lifecycle and linking scientific innovation to commercialisation.

Investments in Technology Infrastructures must be scaled up, with a dedicated budget line under Horizon Europe 2.0 and clear links to the European Competitiveness Fund (ECF) and other funding instruments in its new financial toolbox to ensure Europe's technology capabilities remain globally competitive. The proposed €10.9 billion budget for both Research and Technology Infrastructures under Horizon Europe 2.0 is very welcome. However, it will fall short of actual needs for both type of infrastructures. Indeed, a recent [European Investment Bank \(EIB\) study](#) estimates Europe's funding requirements for TIs alone at €13–16 billion by 2030. To address this gap, the budget for future RTIs' programmes must be increased. Additionally, effective coordination between the future TIs' programme and the European Competitiveness Fund's four sectoral windows, as well as with the Horizon Europe 2.0's Competitiveness Pillar, will be essential to deliver coherent, strategic investments in TIs that build a strong, resilient, and leading-edge techno-industrial base¹.

Recognising that both CAPEX (capital expenditure) and OPEX (operational expenditure) needs for TIs are high, and that support is currently fragmented, the upcoming new EU instrument for TIs will have to address both investment types to ensure long-term sustainability of those infrastructures.

To further empower RTOs as key operators of those shared-use infrastructures, providing SMEs, start-ups and scale-ups with affordable access to pilot lines, testbeds, and demonstration facilities, the new European Innovation Act could provide a coordinated EU framework to map, interconnect, and co-fund TIs, ensuring SMEs, start-ups and scale-ups can access them across borders without excessive administrative barriers.

RTOs' Vital Role in Scaling up the European EU RD&I Ecosystem

RTOs are key drivers of Europe's innovation ecosystem: they co-create knowledge together with industry, and they nurture early-stage ventures² and generate Intellectual Property (IP). Start-ups and spin-offs emerging from RTOs contribute significantly to Europe's competitiveness, yet they often struggle to secure funding, particularly across borders and for deep-tech projects that demand large capital investments and long development timelines. To address this gap, RTOs must be recognised as integral actors in the start-up ecosystem: not only as generators of IP, but also as providers of expertise, infrastructures, and early-stage support. Strengthening support for start-ups and scale-ups should therefore go hand in hand with reinforcing RTOs' activities.

In this context, the European Innovation Act could address these barriers by:

- Strengthening RTOs' support for deep-tech spin-offs based on the multiplying effect on deep-tech ecosystems and innovation that these RTOs produce, as recommended by the JRC report on [Deep-Tech Entrepreneurship in Europe](#). To that extent, it would be valuable to incorporate RTOs into the EU Startup Hub Network ensuring that their unique capabilities are fully leveraged to support the next generation of European innovators.

¹ See EARTO [Press Release](#) on EU RTIs' Strategy and all EARTO [Papers](#) related to TIs.

² See [EARTO Economic Footprint Study 2024](#).

- Recognising early-stage support for start-ups as a non-profit activity enabling RTOs to provide incubation, mentoring, and technical assistance without regulatory barriers, where IP is generated and transferred into industry via different pathways.
- Establishing a dedicated deep-tech venture fund within the newly proposed European Competitiveness Fund (ECF)'s financial toolbox (incl. InvestEU) to provide targeted support for high-potential start-ups and spin-offs emerging from RTOs.
- Ensuring that funding accepts risk and failure as part of innovation, shifting evaluation from rigid indicators to substantive progress along Technology Readiness Levels (TRLs). Funding programmes must accept that not all ambitious projects will succeed.

Procurement as a Driver of Innovation

EARTO has already advocated for better use of Public Procurement for boosting RD&I in Europe³. In this area, the European Innovation Act could further promote the use of Pre-Commercial Procurement (PCP) and Public Procurement of Innovative Solutions (PPI), ensuring that public sector demand drives the development and uptake of cutting-edge technologies. To achieve this, procurement rules must allow for accelerated and simplified procedures when it comes to highly specialised R&I goods and services. In countries where procurement exemptions for RD&I have been applied, RTOs were able to set up TIs such as pilot lines faster, enabling SMEs to test and validate new technologies in months instead of years. Speed of investments is also a decisive factor driving EU's competitiveness.

Accordingly, speeding up RD&I related processes should be a key target of any additional EU regulations: RTOs must comply with complex EU procurement/tendering regulations, which often delay the acquisition of essential goods and services, slowing down investments' timelines. This is especially problematic when research organisations such as RTOs are classified as public contracting authorities, subjecting them to rules designed for traditional public bodies rather than innovation-driven entities buying extremely high-tech equipment and supplies.

Accordingly, the European Innovation Act and the planned Revision of the Procurement Directive should foresee further exemptions and simplification for RD&I procurement as follows:

- Extend RD&I procurement exemptions beyond services to also cover highly specific RD&I supplies and equipment, as already proposed in revisions to Directive 2014/24/EU.
- Allow simplified negotiated procedures for RD&I related contracts, aligning with best practices from Germany and other Member States.

Facilitating Policy Coordination Across the EU

A coherent framework for coordinating innovation policies between Member States and the EU is essential for maximising the impact of RD&I investments. In this context, the upcoming [European Research Area \(ERA\) Act](#)⁴ represents a unique opportunity to enable the seamless circulation of ideas, researchers, and technologies across borders. The European Innovation Act could support current EU initiatives in establishing clear links between the future EU RD&I Framework Programme and the European Competitiveness Fund to ensure greater policy coherence and alignment across instruments. At the same time, successful RD&I policy requires not only increased investments but also streamlined European governance within EU instruments, between the EU and national policies, as well as effective collaboration between all RD&I actors.

Addressing Legal and Regulatory Barriers to Innovation

While the European Innovation Act is a crucial step forward, several legal barriers currently undermine the ability of RTOs and innovators to translate research into market-ready solutions. Existing EU regulations are primarily designed for fully commercialised products which do not consider the specific needs of R&D activities, including prototyping activities. Currently, we identified the following regulatory challenges:

- Export Control and Dual-Use Regulation (EU 2021/821): There is a lack of harmonisation and insufficient exemptions for intra-EU R&D activities hinder cross-border collaboration. Exemptions for RD&I activities within EU borders should be foreseen. We would also welcome a better harmonisation between the various national Foreign Direct Investment legislations. These should for example offer a solid and clear greenfield exemption to enable RTOs a smooth transfer of technology to their spin-off companies. The stacking of export control legislation and new measures aimed at promoting economic and knowledge security should not lead to more red tape and delays in knowledge transfer between RD&I actors and industry.

³ See [EARTO Proposals to Leverage the Untapped Opportunities Of Public Procurement of R&I in Europe](#).

⁴ See [EARTO Response to the EC Consultation on the ERA Act](#).

- Cyber Resilience Act (CRA): Current provisions risk placing early-stage prototypes under full compliance obligations which would greatly discourage open scientific collaboration and testing.
- Product Liability Directive (PLD – Directive 2024/2853): It is applying strict liability to non-commercial prototypes, including research software. This severely limits experimentation and knowledge transfer in controlled settings.

In this context, the European Innovation Act should address these regulatory barriers by:

- Introducing clear exemptions for R&D activities, including prototyping activities, to be targeting the above-mentioned regulations.
- Establishing harmonised EU guidelines for export control in R&D to ensure consistency across Member States.
- Clarifying that the Cyber Resilience Act and Product Liability Directive's obligations should not apply to non-commercial prototypes or R&D tools, at least within a limited timeframe.
- Supporting the creation of regulatory sandboxes that allow safe and legally compliant testing of innovative technologies before full market deployment. At the same time, regulatory sandboxes should not be presented as fast-track solutions, but rather as structured testing environments requiring the involvement of competent authorities and clear frameworks.

EARTO fully supports the EC's ambition to establish a legislative framework that strengthens our European RD&I landscape. We stand ready to contribute the expertise and experience of EARTO Members to assist European Institutions and Member States in shaping and implementing impactful measures.

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 32 countries. EARTO members represent 228,000 highly-skilled researchers and engineers managing a wide range of innovation infrastructures.

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 whose core mission is to produce, combine and bridge various types of knowledge, skills and infrastructures to deliver a range of research and development activities in collaboration with public and industrial partners of all sizes. These activities aim to result in technological and social innovations and system solutions that contribute to and mutually reinforce their economic, societal and policy impacts.

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