



European Economic and Social Committee

INT/704
Innovation investment
package

Brussels, 10 December 2013

OPINION

of the
European Economic and Social Committee
on the

Innovation investment package

COM(2013) 494 final
COM(2013) 493 final – 2013/0232 (COD)
COM(2013) 495 final – 2013/0240 (NLE)
COM(2013) 496 final – 2013/0241 (NLE)
COM(2013) 497 final – 2013/0242 (COD)
COM(2013) 498 final – 2013/0243 (COD)
COM(2013) 500 final – 2013/0233 (COD)
COM(2013) 501 final – 2013/0234 (NLE)
COM(2013) 503 final – 2013/0237 (NLE)
COM(2013) 505 final – 2013/0244 (NLE)
COM(2013) 506 final – 2013/0245 (NLE)

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Co-rapporteur: Ms Batut

On 29 July 2013 the European Commission decided to consult the European Economic and Social Committee, under Article 304(1) of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Public-private partnerships in Horizon 2020: a powerful tool to deliver on innovation and growth in Europe
COM(2013) 494 final.

On 10 September 2013 the European Parliament and, on 3 September 2013, the Council, decided to consult the European Economic and Social Committee, under Articles 185 and 188(2) of the Treaty on the Functioning of the European Union, on the

Proposal for a Decision of the European Parliament and of the Council on the participation of the Union in a Research and Development Programme jointly undertaken by several Member States aimed at supporting research performing small and medium-sized enterprises
COM(2013) 493 final – 2013/0232 (COD);

on the Proposal for a Decision of the European Parliament and of the Council on the participation of the Union in a European Metrology Programme for Innovation and Research jointly undertaken by several Member States
COM(2013) 497 final – 2013/0242 (COD);

on the Decision of the European Parliament and of the Council on the participation of the European Union in a second European and Developing Countries Clinical Trials Partnership Programme jointly undertaken by several Member States
COM(2013) 498 final – 2013/0243 (COD);

and on the Proposal for a Decision of the European Parliament and of the Council on the participation of the Union in the Active and Assisted Living Research and Development Programme jointly undertaken by several Member States
COM(2013) 500 final – 2013/0233 (COD).

On 2 September 2013 the Council decided to consult the European Economic and Social Committee, under Articles 187 and 188 of the Treaty on the Functioning of the European Union, on the

Proposal for a Council Regulation on the Innovative Medicines Initiative 2 Joint Undertaking

COM(2013) 495 final – 2013/0240 (NLE);

on the Proposal for a Council Regulation on the Bio-Based Industries Joint Undertaking

COM(2013) 496 final – 2013/0241 (NLE);

on the Proposal for a Council Regulation on the ECSEL Joint Undertaking

COM(2013) 501 final – 2013/0234 (NLE);

on the Proposal for a Council Regulation on the Clean Sky 2 Joint Undertaking

COM(2013) 505 final – 2013/0244 (NLE);

and on the Proposal for a Council Regulation on the Fuel Cells and Hydrogen 2 Joint Undertaking

COM(2013) 506 final – 2013/0245 (NLE).

On 2 September 2013 the Council decided to consult the European Economic and Social Committee, under Articles 187 and 188 of the Treaty on the Functioning of the European Union, on the

Proposal for a Council Regulation amending Regulation (EC) No 219/2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR) as regards the extension of the Joint Undertaking until 2024

COM(2013) 503 final – 2013/0237 (NLE).

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 November 2013.

At its 494th plenary session, held on 10 and 11 December (meeting of 10 December), the European Economic and Social Committee adopted the following opinion by 105 votes in favour with one abstention.

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1. **Conclusions and Recommendations**

- 1.1 The European Economic and Social Committee (EESC) agrees that partnerships offer a range of advantages for developing innovation and that they still have untapped potential.
- 1.2 The EESC considers it important to fine-tune and synergise the 10 proposed initiatives with financial support from Horizon 2020 (H2020), inasmuch as they are different from other types of partnership in terms of instruments, form and substance.
- 1.3 The EESC calls for long-term financial certainty for the initiatives and a stable regulatory framework to reduce the high-risk aspects that set them apart and to help achieve the EU's general objectives: sustainable development, jobs and skilling of new professional profiles.
- 1.4 The EESC considers that these instruments are important means of boosting funding for investment in research and innovation, provided they are flexible, simple, non-bureaucratic, open and transparent, with a leverage effect on additional funding, and that they secure increasing participation by small businesses, especially in disadvantaged regions.
- 1.5 The EESC believes that the objectives must be measurable and targeted towards innovation and its translation into industrial goals and new jobs, and be anchored in a shared medium-to-long-term vision, within the context of a balanced, transparent system of governance with clear scientific, technical and socioeconomic performance indicators.
- 1.6 With regard to institutional public-private partnerships (PPP), the Committee calls for greater attention to be given to mechanisms to impede insider trading, for more to be made of the leverage effect, for more room to be given, in programmes and projects, to all forms of small business including the social economy, and for a strong communication policy to be put in place with a proactive role for stakeholder forums in all joint undertakings.
- 1.7 With regard to public-public partnerships (P2P), the Committee considers that it would be helpful if the European R&I budget contributed to bringing about a more balanced distribution of EU resources, with a greater focus on technology-intensive SMEs and to clinical, medical and technological innovations that promote the well-being of all, especially as regards active ageing and assistance to the elderly.
- 1.8 The EESC calls for a proactive communication policy on developments in the 10 new initiatives, and recommends that annual conferences be organised with all interested parties from organised civil society, during which annual reports on results achieved and future strategies would be presented. It also calls for multilingual handbooks for smart participation in the various forms of partnership that exist at EU level.
- 1.9 The EESC recommends that the Commission develop that proactive policy, perhaps by including the establishment of EESC prizes for economic and social innovation. This

concerns three main target sectors: interested scientists and industrialists; users of innovative solutions on the market; and the European public as a whole, to satisfy society's needs, especially in terms of employment and training. The EESC advocates establishing a "European innovation prize" to reward innovative applications in the industrial, economic and social sectors, and to give prominence to European added value.

2. Background to the partnerships

2.1 Horizon 2020 provides for the establishment of public-private partnerships in key sectors, in which research and innovation could help with:

- achieving European competitiveness goals;
- tackling societal challenges;
- harmonising EU support for research and innovation more effectively; and
- attracting more industrial investment to research and innovation.

2.2 It is worth pointing out that there are various forms of research and innovation partnership:

- **Institutional PPPs** within the meaning of TFEU Article 187 (ex Article 171 TEC) on autonomous Joint Undertakings (JUs): innovative medicines, fuel cells and hydrogen, clean skies, bio-industries, electronic components and systems, air traffic management;
- **Contractual PPPs**, established by memoranda of understanding that set out strategic objectives, indicative budgets and consultative mechanisms: Factories of the Future, energy-efficient buildings, green vehicles, Future Internet, sustainable industrial processes, robotics, photonics, high-performance computers
- **European Technology Platforms**, which contribute to the definition of European innovation partnerships, European Technology Initiatives, public-private and public-public partnerships, ERANETs, Knowledge and Innovation Communities;
- **Public-Public Partnerships (P2P)**, within the meaning of Article 185; these involve participation in joint programmes between Member States and the EU, which funds its share from H2020: health development cooperation, metrology, SMEs, Active and Assisted Living.
- **European Innovation Partnership - EIP**, introduced under the Europe 2020 strategy's Innovation Union flagship initiative: common cooperation platform, led by a steering group chaired by the European Commissioner(s) responsible for the relevant areas. There are three of these: raw materials; agricultural productivity and sustainability; active and healthy ageing.

- **Knowledge and Innovation Communities - KIC**, established under the auspices of the European Institute of Technology (EIT), networks of excellence, set up around integrated partnerships between various sectors: academia, technology, research, industry and enterprise. Three KICs have been formed: *Climate KIC*, *KIC InnoEnergy*, *EIT ICT labs*. Thematic areas identified: manufacturing industry, future food, innovation for a healthy life and active ageing, raw materials, safe and intelligent societies, urban mobility.

 - **Smart Specialisation Partnerships (RIS3)**, in the context of EU regional policy, in particular the Regional Innovation Strategy in the area of research, innovation (including social and technological innovation), technology transfer and development of information technology, in line with the new cohesion guidelines for the period 2014-2020.
- 2.3 The experience with institutional PPPs as EU bodies under Article 185 of Regulation (EC, Euratom) No 1605/2002 has demonstrated that more categories should be added in order to increase the choice of instruments that are more flexible and accessible for private partners than those applicable to the EU institutions.
- 2.4 H2020 PPPs can be considered to be innovative financial instruments, identified and implemented openly and transparently, on the basis of an assessment carried out by independent experts. They have the following characteristics:
- intrinsic, European added value;
 - an impact on industrial competitiveness and sustainable growth;
 - the quality of the specified socio-economic objectives, particularly in terms of jobs and training;
 - a balanced contribution from all the partners on the basis of a shared vision;
 - clearly defined roles for each partner;
 - key performance indicators;
 - consistency with the EU's strategic agenda for research and innovation;
 - a system of sound financial management;
 - the ability to leverage new investment;
 - an open, transparent and participatory governance framework, also involving smaller businesses.
- 2.5 Joint Technology Initiatives (JTI) are a tried and tested form of public-private cooperation in the area of R&D.
- 2.6 JTIs stem predominantly from the European Technology Platforms (ETP), on which the EESC previously issued an opinion¹ and, in particular, those ETPs for which the usual

¹ [OJ C 299, 4.10.2012, p. 12.](#)

instruments for supporting R&D activities would be insufficient when it comes to achieving the objectives set by the strategic agendas.

- 2.7 The EESC agrees that partnerships offer a range of advantages and still have untapped potential. For this reason, it has welcomed "the Commission's initiative to establish and promote European innovation partnerships (EIP) under the Innovation Union flagship initiative".
- 2.8 The EESC has also highlighted "the crucial importance of innovation to the Europe 2020 strategy" and reiterated that "innovations are not necessarily the outcome of a linear sequence..., but derive in a complex process..."².
- 2.9 Whilst there is a high level of interdependency between research and innovation, "innovation must not be subsumed to research, nor may research be subsumed to innovation. That would constitute a cultural impoverishment of fundamental European values."³
- 2.10 The EESC reiterates its support for promoting social innovation, in particular in the context of European funding programmes such as the Structural Funds or the Programme for Social Change and Innovation, as a means of facilitating additional support for capacity building for social enterprise funding⁴.
- 2.11 Furthermore, the EESC emphasises the importance of partnering in increasing Europe's attractiveness as a global partner in R&I.
- 2.12 The EESC has repeatedly expressed support for the role of partnerships in bringing together European and national stakeholders from the public sector in P2P and PPP⁵, in order to meet the major challenges facing society and to strengthen Europe's competitive position. By analysing the following aspects:
- the models of partnership used in the Seventh Framework Programme;
 - the Competitiveness and Innovation Programme (CIP);
 - the European Research Area (ERA);
 - the Innovation Union policy framework;
 - the pilot partnership on active and healthy ageing (AHA);

it has been possible to draw out many positive points in this area⁶.

2 [OJ C 318, 29.10.2011, p. 121.](#)

3 [See footnote 2.](#)

4 [OJ C 143, 22.5.2012, p. 17.](#)

5 Examples of P2P partnerships include ERA-NET and ERA-NET Plus, Article 185-based initiatives and Joint Programming (JP). Examples of R&I PPPs include the JTIs and Future Internet.

6 [OJ C 229, 31.7.2012, p. 39.](#)

2.13 The EESC supports the method by which the 10 proposals under the Innovation Investment Package have been developed by the Commission, on the basis of the results of public consultations, impact assessments and various road maps.

2.14 For its part, the EESC held a hearing on the proposed package of initiatives on 31 October 2013, which was attended by a large group of interested representatives of civil society, of senior management of various existing joint undertakings, and of the Commission itself.

3. General comments

3.1 The EESC wholeheartedly supports the Commission's package of initiatives and considers that both the proposals on PPP within the meaning of Article 187 TFEU and those on P2P within the meaning of Article 185 TFEU can be powerful instruments in tackling the big challenges affecting Europe's competitiveness and its sustainable economic and social development.

3.2 The EESC considers it important to define the **10 proposed initiatives with H2020 financial support** inasmuch as their instruments, form and substance set them apart from other types of partnership. Although the objectives sometimes dovetail, duplication, overlap and potential conflict must be avoided, instead emphasising synergies and complementarity with other initiatives. Under no circumstance are the Member States released from their responsibilities in the areas concerned by these partnership initiatives.

3.3 The Committee highlights the importance of the EU securing financial certainty in the area of R&I and a stable, simplified regulatory framework, and of ensuring, on the part of business, initiatives to reduce the high-risk aspects that set them apart. It also considers that the distribution of financial support ought to be better balanced between initiatives, with more emphasis on technologies for ambient assisted living and the programme for high-tech SMEs.

3.4 As to the instruments themselves, these are important means of securing greater funding for investment in research and innovation, provided they are flexible, simple, non-bureaucratic, open and transparent, and provided ways are found to resolve problems relating to the balance and/or possible conflict between upholding competition rules while promoting innovation, protecting intellectual property and disseminating and promoting open access to results. The ultimate aim is that the service offered to citizen-taxpayers and consumers should improve.

3.5 In particular, the EESC recalls that "researcher authorship and intellectual property must continue to be safeguarded..." and that "open access to an appropriate selection of data underlying figures in openly accessible publications could be useful – especially if there is global symmetry between Europe and countries outside Europe..."⁷.

⁷ [OJ C 76, 14.3.2013, p. 48.](#)

- 3.6 The EESC believes that the objectives must be measurable and closely linked not only to the sectoral industrial strategy but also to addressing society's problems and sustainable economic and social development issues, especially in terms of employment. They must also be anchored in a shared medium-to-long-term vision, within the context of a balanced, transparent system of governance with clear, explicit scientific, technical and socio-economic performance indicators.
- 3.7 Whilst the EESC takes a positive view of the experience of PPPs as a means of combining different sources of finance, it favours radically simplified cost-funding models to improve the reliability of the model, reduce the risk of irregularities in beneficiaries' declarations of expenditure, make project accounting less complex, eliminate verification steps that are not strictly necessary, and thus facilitate and speed up the application process.
- 3.8 The EESC therefore considers it necessary, in order to guarantee fair conditions to all businesses operating in the single market, that H2020 funding for PPP and P2P be designed, on the one hand, so as to comply with the rules on state aid in order to ensure that public money is spent effectively and avoid market distortions and, on the other, complies with all ethical requirements.
- 3.9 In particular, the EESC considers that the creation of public-private partnerships should be subject to conditions aimed at ensuring an effective competitive environment is maintained and allowing new entrants to come in at any time, and indeed the systematic involvement of groups of end users in the programmes and projects.
- 3.10 The EESC considers that the importance of intellectual property rights must be recognised. In particular, patent-sharing agreements should be encouraged to enable the sharing of scientific data and enhance cooperation and research efforts in specific areas of technology, thus avoiding "patent thickets"⁸.
- 3.11 The EESC recommends that an "instruction manual" be drawn up for end users of the various EU instruments for innovation, and the various forms of partnership, joint initiatives, flagship initiatives, knowledge communities, platforms and other similar Community actions in the area of R&I. The introduction of a cross-cutting approach would also boost investment (e.g. in nanotechnologies and assisted ageing) and would make greater involvement of all the different types of business possible.
- 3.12 The EESC considers it essential to make the complex system of EU measures, synergies and policies involved, which range from R&I policy to regional and cohesion policy to industrial policy, more user-friendly and transparent, especially for SMEs and small social economy organisations.

⁸ [OJ C 68, 6.3.2012, p. 28.](#)

- 3.13 Similarly, the EESC considers it important to ensure that the whole package and related initiatives and instruments have a high profile and are transparent and well-publicised (in multilingual form) by means of a proactive communication policy and annual conferences involving all interested parties from organised civil society, during which periodic reports on results achieved and future strategies could be presented.
- 3.14 Given the scale of resources involved and the diversity of the situations and real needs in the Member States, the EESC recommends that a communication policy be developed, targeted at four types of audience:
- scientific communities and the world of business, in its various forms and dimensions;
 - the world of small and medium-sized enterprises and the social economy;
 - end users, via structured dialogue with their representatives, in the various sectors with which the EESC could usefully be associated;
 - all citizens and taxpayers, to inform them of the results and the possible innovative applications of EU R&I.
- 3.15 The EESC considers that an EESC Prize for economic and social innovation could be launched so as to recognise the results achieved by the ten proposed partnerships in the various disciplines in the 28 Member States, with the involvement of Stakeholder Forums provided for in the joint undertakings statute. The EESC calls on the Commission, meanwhile, to work on a wide-reaching campaign to raise awareness and develop training in the area of PPPs.

4. **Specific comments**

- 4.1 The EESC is pleased that there is a clear trend towards increasing the use of PPP in the areas of public health and clean skies, aerospace management, electronics and computing, and fuel cells and hydrogen. However, it warns of the need for synergies with various other existing partnerships and initiatives under other EU policies.
- 4.2 With regard to the Innovative Medicines Initiative, the Committee recommends that more room be given to the development of affordable medicines for the poorest sections of society for long-term use and for rare diseases. The EESC also recommends that priorities include the marketing in the EU of the products of European research and the establishment of rules on the price per gram of active ingredient that take account of the difficulties of Member States' budgets and social systems.
- 4.3 With regard to the FCH 2 initiative (Fuel Cells and Hydrogen), the EESC considers it especially important that the development of CO₂-free technologies for hydrogen generation be included among the objectives.

- 4.4 With regard to the Clean Sky initiative, more emphasis should be placed on the impact of the results, even *in itinere*, of the demonstration projects, and of the management of safety and environmental risks in the Single Sky PPP.
- 4.5 With regard to the bio-based industries initiative, it is important to ensure that those technologies (dealing with biological and bio-agricultural materials and biomaterials) fully respect the biosphere, the environment and the sustainability of the agri-food sector in accordance with the precautionary principle. The EESC hopes that this initiative will achieve positive, tangible and visible results.
- 4.6 The significant commitment, not least financial, to the ECSEL initiative for digital technologies and nanotechnologies, which is already mentioned in the thematic parts of H2020, should be matched by tangible benefits for citizens and taxpayers in terms of more user-friendly and cost-free access to such technologies⁹.
- 4.7 The EESC also wholeheartedly supports the four P2P initiatives, but stresses the importance of two of them, which should be strengthened, not least in terms of the resources allocated to them:
- the Eurostar initiative, for the positive results it has demonstrated in supporting access to RDT&I among SMEs within the European Research Area (ERA);
 - the European programme for technologies for ambient assisted living, (AAL) which responds to a major need for healthy development for individuals and for European society as a whole.
- 4.8 More specifically, with respect to AAL, the EESC recommends that account be taken of the different situations in Member States, not least with regard to the likelihood of these issues becoming more acute given demographic trends to 2024 and beyond. The level of funding offered by the EU needs to be increased considerably compared with that under FP7 and take account of the future opinions of the various representative categories of civil society by creating an ad hoc committee.
- 4.9 The EESC recommends, for the sake of faster development and enhancing the opportunities for job creation and for more skilled professional profiles, that these institutional partnerships be developed in close synergy and coordination with other comparable ones that exist within the context of the industrial policy and smart specialisation flagship initiatives, cohesion policy and the regional innovation strategies.

⁹ See opinion CESE 4345/2013, 24.10.2013.

- 4.10 With regard to participation in the metrology programme, the EESC refers to its opinion on the matter¹⁰ and recommends that the support, including funding, for participation by small businesses and user groups be increased. As regards the Europe - Developing Countries Partnership, it refers to the EU-Africa opinion¹¹ with a specific recommendation not to ignore the issue of the return to Europe of illnesses that are covered by the research and to monitor full compliance with ethical principles in the protocols.

Brussels, 10 December 2013

The President
of the
European Economic and Social Committee

Henri Malosse

¹⁰ [OJ C 228, 22.9.2009, p. 69.](#)

¹¹ [OJ C 77, 31.3.2009, p. 148.](#)