

Three ESIA Recommendations on the Commission Proposals

Regional policy & Horizon 2020

The Legislative Package

In autumn 2011 the European Commission published communications and proposals for Council decisions relating to the EU industrial policy 2014-2020. The most important publications in this respect are about Horizon 2020 – The Framework Programme for Research and Innovation and about specific provisions concerning the European Regional Development Fund (ERDF) and the Investment for Growth and Jobs goal.

The Commission legislative package was a clear reaction to the need for an intensified cooperation of multiple policy sectors for an innovation centered industrial policy. This smart specialization policy of the Commission endorses a regional policy fostering Energy Efficiency and Innovation and supporting SMEs; the budget proposals of the Commission concerning regional policy are fully in line with this.

1) Regional Policy for Innovation Clusters

ESIA fully acknowledges the Commissions reflection of important recommendations by the High-Level Expert Group on Key Enabling Technologies (KET-HLG) in its regional policy:

- The ERDF shall support the following investment priorities within the thematic objectives set out in Article 9 of Regulation (EU) No [...] /2012 [CPR]:
 - (1) strengthening research, technological development and innovation:
 - a) enhancing research and innovation infrastructure (R&I) and capacities to develop R&I excellence and promoting centers of competence, in particular those of European interest;
 - b) promoting business R&I investment, product and service development, technology transfer, social innovation and public service applications, demand stimulation, networking, clusters and open innovation through smart specialization;
 - c) supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production in Key Enabling Technologies and diffusion of general purpose technologies.

ESIA recommends to the European Parliament and to the Member States to agree to this proposal and to take care for corresponding budget allocation on Member State and regional levels. The corresponding actions would be a strong base for R&D&I in Europe.

Industry Association of:

EECA : European Electronic Component manufacturers' Association

Rue de la Duchesse 11/13, B-1150 Bruxelles - Belgium

Tél: + 32 2 290 36 60 • Fax: + 32 2 290 36 65 • E-mail: secretariat.gen@eeca.be • Web: www.eeca.eu/esia

2) Regional Policy for Production Clusters

The Commission proposal on ERDF 2014-2020 states: 1. The ERDF shall support:

- a) Productive investment, which contributes to creating and safeguarding sustainable jobs, through direct aid to investment in small and medium-sized enterprises (SMEs);
- b) Investments in infrastructure providing basic services to citizens in the areas of energy, environment, transport, and information and communication technologies (ICT);
- c) Investments in social, health and educational infrastructure;
- d) Development of endogenous potential by supporting regional and local development and research and innovation. These measures shall include:
 - i) fixed investment in equipment and small-scale infrastructure;
 - ii) support for and services to enterprises, in particular SMEs;
 - iii) support to public research and innovation bodies and investment in technology and applied research in enterprises;
 - iv) networking, cooperation and exchange of experience between regions, towns, and relevant social, economic and environmental actors;
- e) Technical assistance.

ESIA observes that the Commission proposal does not foresee support for capital intensive investments for big enterprises in key enabling technologies. This is in contradiction with the KET HLG recommendations. Recognizing that the impact and consequences of such investments transcend the regional and even national level, *ESIA suggests that the Commission addresses this issue at EU level, ensuring consistent implementation across Europe and a level playing field, if appropriate in combination with a review of the state aid regulation for big investments, which is on the Commission's agenda in 2012.*

3) Horizon 2020

Concerning Horizon 2020, ESIA welcomes the proposal of the Commission to enlarge the budget compared to the Seventh Framework Programme (FP7). The proposed budget growth will not cause a leapfrog result for Europe but it may contribute to accelerated invention and innovation in Europe.

On the other hand, the comparison between FP7 budgets and Horizon 2020 budget proposals show a pattern in favor of basic science and space, without substantial growth for industrial research and innovation. With this budget line, Horizon 2020 will not pave the way for more industrial innovation and investments in Europe. It just will foster more invention and patents only. Europe will stick in the valley of death between patents and production. Furthermore, the tight definition of eligible costs, and the reduction of the applicable overhead rates to 20% makes the participation in HORIZON 2020 unattractive; therefore, research-intensive sectors like the Semiconductor industry should be allowed to bring to account indirect cost based on the participant's usual and certified cost accounting practices.

ESIA recommends to the European Parliament and to the Member States to readjust the budget proposal for Horizon 2020 and to take care for a by far higher budget for industrial Research & Development and Innovation.

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