

## News from Brussels

### THE EU'S 100 BILLION EURO QUESTION

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**The EU Commission is about to present its next Framework Programme for Research and Innovation. However, ensuring the competitiveness of European industry no longer seems to be a top priority.**

By Kai Peters

Fostering research and innovation are key goals of the European Union. Article 179 of the Lisbon Treaty, which forms the constitutional basis of the EU, specifies the role of industry in the following context: “The Union shall have the objective of strengthening its scientific and technological bases (...) and encouraging it to become

more competitive, including in its industry (...).”

Politicians, bureaucrats and stakeholders are currently discussing the new Framework Programme for European R&I policy, FP9 (Horizon 2020 is the name of the eighth Framework Programme). Before the summer break, the EU Commission will present its proposals for FP9, which will run from 2021 to 2027. Where the EU will spend its research budget is a 100 billion euro question - and a potentially decisive one for the competitiveness of the European economy.

However, industry no longer seems to rank among the priorities of European Commission. In FP9, technological research, in collaboration with science and industry, at lower maturity levels (the stage between basic research and market innovation) might disappear from the landscape altogether. This would be regrettable, because these types of programs have proven to be particularly valuable for the manufacturing and engineering industry, which builds its future competitiveness upon new, enabling technologies and therefore requires cross-border and cross-disciplinary collaborations. The breakthroughs in laser-based manufacturing technologies and 3D printing, for example, are, to a large extent, based on prior research collaboration in this area which was made possible by strategic, forward-looking and sustained support through public funding.

#### Political footprints on the proposal

Discussions on how to distribute the EU's R&I resources take place every seven years in Brussels. New Framework Programmes have always been adapted to changing political settings, new requirements, new technologies and, of course, the preferences of the Commissioner and the overall strategy of the Commission.

The seventh Framework Programme introduced more industrial relevance and piloting elements, among others. Horizon 2020 continued along this path by shifting the focus towards increased innovation funding, close-to-market activities and using loans and measures to help underperforming member states catch up. New instruments, including contractual public-private partnerships, were launched, aimed at leveraging increased private co-financing and investments. The 315 billion euro EFSI - also known as the “Juncker plan” due to its status as the pet project of the President of the EU Commission - was created to promote investments.

Now, the current Commission will also leave its political footprints on the next Framework Programme. “The [evaluation](#) proves that Horizon 2020 is a true European success story with high added value for taxpayers and a real impact on our economy and quality of life,” the Research Commissioner Carlos Moedas said

recently. “But there is always room for improvement.” The Commission could place greater focus on two priorities in particular: promoting more market innovation and making EU research more attractive for EU citizens. In particular, the report known as the “[Lamy Report](#)”, which can be considered to be a first blueprint, recommends steps in this direction.

### **It's not all about moonshots**

If this were the case, this alone would not be a problem. The Commission will propose the creation of a “European Innovation Council” (EIC), in an attempt to support an innovation and “start-up” culture and to promote market-creating innovation. In addition, the proposal will include a more “mission-driven” approach, promoting so-called “moonshots” - meaning projects with clear and simple objectives which should make it easier for European citizens to recognize and value the European Union for the good work it carries out using the taxpayer’s money.

These seem to be reasonable thoughts, but FP9 might cross the red line towards purely market-oriented and challenge-driven research funding at the expense of the industrial leadership pillar, which was previously dedicated to supporting the competitiveness of European industries. Smaller and more technical projects may not be considered as a moonshot, but they are indispensable for future innovations in European industry - and for future missions.

VDMA has often pointed out that where market forces fail (e.g. coping with fast technological transitions), public money is spent wisely to fill the gaps. Cross-border cooperation in research and development projects within the Single Market is an extremely important task for EU research policy, particularly when it enables SMEs to participate. Finally, the 3 percent objective (the EU aims at spending 3 percent of its GDP on R&D) can only be achieved through the efforts of both the public and the private sectors.

The proposal by the Commission, however, is not the final answer to Brussels’ 100 billion euro question. Once the proposal has been published, it will take between 18 months and two years (including possible changes) to find common ground with the European Parliament and EU governments. European manufacturers can therefore still be hopeful that FP9 will be closer to the initial ideas of the EU research policy laid out in the Lisbon Treaty. This might not be a moonshot, but it has proven to be one of the core success stories of the European Union so far. ■

### **Further Information**

[VDMAimpulse](#) | [VDMA European Office](#) | [Horizon 2020 interim evaluation](#) | [Lamy report](#) | [VDMAimpulse 1-2017: “EU research: Does it still matter?”](#)

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