

**SCIENTIFIC AND TECHNICAL
RESEARCH COMMITTEE**

**– CREST –
Secretariat**

CREST 1207/05

NOTE

To: CREST delegations

**Subject : DRAFT SUMMARY CONCLUSIONS OF THE 304th MEETING OF THE
SCIENTIFIC AND TECHNICAL RESEARCH COMMITTEE (CREST)
HELD IN MANCHESTER ON 19/20 OCTOBER 2005**

The meeting was chaired by Mr ESCRITT (Commission, DG Research, Director) and, as regards the meeting with the Directors General (item 6), by Mr STANČIČ (Commission DG Research, Deputy Director General).

1. ADOPTION OF THE DRAFT AGENDA

The Committee adopted the agenda as set out in communication CM 3575/05 of 12 October 2005.

2. APPROVAL OF THE DRAFT SUMMARY CONCLUSIONS OF THE 303rd MEETING OF
29 SEPTEMBER 2005

The Committee approved the summary conclusions from the last meeting as set out in doc. CREST 1206/05.

3. INFORMATION FROM THE PRESIDENCY AND THE COMMISSION

- a) Mr. IBBETT (UK Presidency) informed the Committee on:
- the outcome of the Council ("Competitiveness") on 11 October as regards the orientation debate on the proposal for the Seventh Framework programme (FP7) as well as on the aim of the Presidency to reach agreement on a "partial general approach" to FP7 at the Council of 28 November;
 - research related Presidency conferences, including a Biosciences conference, held on 11 October, and the forthcoming Conference on research infrastructures in Europe on 6/7 December)¹.
- b) Mme DE LA TORRE (Commission services) informed the Committee on the following Commission activities:
- the adoption of the 2004 annual report on Community RTD activities, pursuant to Article 173 of the Treaty (doc. 13813/05 RECH 199 ATO 93);
 - the on-going consultation regarding state aid for innovation, on the basis of a consultation document (doc. 12695/05 RC 6 COMPET 190 ECO 102) the closing date for views/observations being 11 November 2005; a further consultation document is envisaged on state aid for research and development. Pending the revision of the state aid regime, the current framework is prolonged until the end of 2006;
 - the adoption of the communication on research and innovation (doc. 13606/05 ECOFIN 319 RECH 196 COMPET 220 SOC 406).

As Mr Pim FENGER (NL delegation) was attending his last CREST meeting, the Presidency and the Chairman acknowledged his important contribution to the work of CREST since 1992.

¹ For more information, see http://www.cordis.lu/united_kingdom/home.html.

4. 3% AND OPEN METHOD OF COORDINATION

(i) Presentation by the lead countries¹ of the Expert Groups on the progress made so far.

- a) Mr PAYA (Expert Group on Reform of public research organizations) presented the progress made so far, including preliminary recommendations and policy actions for further work (guidelines for assessing performance of knowledge transfer units and recommendations for support policies; good practices in structural reforms of public research bodies to improve knowledge transfer and recommendations for the creation of spin-offs from public research). The Expert Group issued an interim report in which important lessons have been drawn from the country peer review exercise.

In the ensuing discussion, it was agreed that further focusing is needed in the group to achieve concrete outcomes by March 2006.

- b) Mr ZEEUWTS (Expert Group on measures to promote young research-intensive SMEs) gave an overview on the state-of-play. So far, two key problems for young research-intensive SMEs have been addressed by way of case studies (financing seed and early stage phase: mobilising private capital; pre-seed phase: management skills). Three other case studies will be completed by March 2006. The Expert group will also develop a limited number of concrete recommendations (essentially aimed at better targeting and simplifying the various support schemes) for endorsement by CREST.
- c) Mr ROELANDT (Expert Group on the design and implementation of national policy-mixes) presented the latest developments in this topic. A peer review process had been started with three review countries (SE, RO, ES) and several interested "examiner" countries. Main issues highlighted so far concerned the problem of consensus building and the need to engage more fully other ministries (not just S&T ministries) in the process. A synthesis report on the lessons to be learned from this peer review is scheduled for December 2005.

¹ All five presentations have been circulated in electronic forms to delegates.

- d) Mr HAMBRO (Expert Group on evaluation methods for fiscal measures to promote R&D) presented the progress achieved so far. Main conclusions so far were that tax incentives do work, but that the systems are not always user-friendly. More attention also needs to be paid to country-specific conditions. A draft report has been produced focusing on the design and use of specific tax incentives for R&D purposes, including some recommendations for Member States on what to bear in mind when designing different types of tax incentives. The expert group is also proposing to work on a handbook for the evaluation of fiscal measures.

Work in the field of the evaluation of fiscal measures was considered as very useful. Some delegations, however, considered the expert group was going too far into the design of fiscal measures and should limit itself to preparing some options for design measures rather than a prescriptive set of recommendations. The ensuing discussion focused on whether a third cycle on this topic would add value, or whether a network of tax evaluators could be formed in order to exchange best practices in the field. The idea of an evaluation handbook was welcomed.

- e) Mr HOWARD (Expert Group on Intellectual Property Rights) presented a schedule for further work on this topic. It is expected that an interim report could be presented at the December meeting of CREST.

In the ensuing discussion, it was requested that the letter the EG sent to DG Mitsos regarding the creation of a new category of state aid for innovation be made available to the Committee.

- f) In the ensuing discussions, CREST considered that:
- the peer review exercises by the Expert Groups were generally regarded as a valuable tool, not least in stimulating debate in the countries concerned. In this context the question was raised as to how best to translate into practice the outcome of the groups' work taking into account the diverse internal structures in the various countries; it was suggested that the EG should take its conceptual work further by developing typologies of peer reviews;

- in general, the outcome of the experts' groups' work should be recommendations rather than prescriptive measures;
- further discussion will be necessary regarding any follow up, including a possible endorsement by CREST of the outcome of the OMC Expert Groups' work and further reflections on the optimal use of the results.

(ii) Presentation by the Commission on the progress made in the area of human resources and mobility

Mr VIS (Commission services) informed the Committee on the state-of-play of the work on human resources. It is envisaged that a report on the activities of the High Level Group in 2005 and a work plan for 2006 should be available by early 2006.

5. BASIC RESEARCH

Mr. VERLAECKT (Flemish Science and Innovation administration, Belgian delegation) presented his draft report on the funding of basic research in the European Research Area. In particular, he reported on the results of the questionnaire exercise aimed at complementing the information gained at CREST meetings between July 2004 and May 2005 on the basic research systems in 17 countries.

It was evident that the wealth of information from the different countries could not easily be summarised into a common structure, given that the actors and agencies in charge of basic research follow different legal structures and political objectives. Nevertheless it has been possible to achieve useful results, notably on the different funding organisations, funding categories and selection procedures concerning basic research projects.

Mr VERLAECKT invited delegations to transmit any further comments in writing by the end of October, with a view to presenting a final version of the report at the meeting of CREST in December.

6. MEETING OF THE DIRECTORS GENERAL

(i) Presentation of the UK research and innovation policies

Mr HUGHES and Mr. O'NIONS (UK Presidency) presented an overview on the system of research and innovation policies in the United Kingdom.¹

(ii) Presentation of the Commission communication "More research and innovation: investing for growth and employment. A common approach"¹

Mr SARAGOSSI (DG RTD) and MR WHITE (DG ENTR) (Commission services) presented the above-mentioned communication (doc. 13606/05), adopted on 12 October 2005, which also serves as a contribution to the implementation of the relaunched Community Lisbon Strategy in the field of R&D. The Communication outlines actions to be taken at Community level (and some to be complemented by Member States), reaching beyond the 3 % action plan and innovation policy to date. It strengthens the links between research and innovation, with research policy focusing more on the development of new knowledge and applications and the framework conditions affecting the research system, and innovation policy addressing the transformation of knowledge into economic value and commercial success.

Details of the Communication were further discussed in break-out sessions.² In this context it was also noted that Council conclusions are envisaged for adoption at the "Competitiveness" Council on 28/29 November 2005 in response to this communication.

Comments from delegations included :

- remarks on a proliferation of support measures for policy learning (ERA-NET, OMC-NET, INNO-NET);
- lack of a holistic approach (in particular the element of "life long learning");

¹ This has been circulated in electronic form to delegates.

² Notes on these sessions have been circulated in electronic form to delegations.

- need to clarify difference between clusters and networks;
- concerns regarding the reform of State aid for R&D, in particular on university-industry partnerships, and indication that tax incentives are exclusively a matter for national governments to decide.

(iii) The National Reform Programmes:

Mr GOENAGA (Commission services) presented the assessment procedure and time scale for the national reform programmes (NRPs).

So far, NRPs had been received from 11 Member States. In this context,

- the assessments (3-4 pages per Member State) are due to be completed by Commission Services in early December and would consist of general considerations (e.g. organisational and consultation arrangements made by the MS to prepare the NRPs, overall strategy) and assessment of policies (macro- and micro-economic as well as employment policies). The assessment of the research and innovation aspects will be done in an integrated manner and particular attention will be paid to the R&D investment targets;
- in January 2006, the Commission will issue its Annual Progress Report assessing the NRPs. ;
- It was stressed that this would in any case not be a “naming and shaming” exercise. On the contrary the revised Lisbon strategy calls for a partnership between Member States and the Commission.

Mme DEMONTE (Spanish delegation) reported on the experience from the preparation of the NRP in Spain.¹

Mme BLAZKOVA (Czech delegation) presented the experience gained in the Czech Republic concerning the work on the NRP.

¹ This has been circulated in electronic form to delegations.

Subsequent interventions from delegations concerned the:

- role of non-governmental organisations;
- problems found at MS level to coordinate inputs and involve stakeholders; concerns about the NRPs being a bureaucratic exercise which could further fuel euro-scepticism;
- nature of the assessment;
- importance of setting up a suitable structure, and having sufficient time for coordination;
- significance of policy levers for R&D;
- role of CREST in monitoring/ evaluating National Reform Programmes.

(iv) OMC 3 % Expert Groups

Mr HUGHES (UK Presidency) gave an overview on the progress made so far in the Expert Groups on the 3 % OMC second cycle and on the expected deliverables in this regard.²

Mr STALHAMMAR (Swedish delegation) reported on the implementation of the outcomes of OMC 3 % in the area of the reform of public research organisations.¹

Mr WÆRØ (Norwegian delegation) presented information on the implementation of OMC 3 % outcomes in the area of fiscal measures

In the presentations and the ensuing discussion, the work of the OMC Expert Groups was generally considered useful and positive, giving valuable input to the development of policies. The facilitation of this work by the Commission Services was also acknowledged. Additional topics addressed in the discussion included the following:

- the second cycle is working well but ownership by MS can be further increased;
- the question was raised as to whether the participants should be primarily experts designated in their personal capacity or Member States' representatives;

¹ This has been circulated in electronic form to delegates.

- while the usefulness of any “policy learning” process (through analysis and sharing of experience) was acknowledged, the extent to which “policy coordination” (through more prescriptive recommendations) should be sought through the OMC exercise required further reflection;
- peer review should be used further wherever appropriate;
- whether or not the reports from the OMC exercise should be based on consensus or include views and options which might be of a more controversial nature (spicy deliverables);
- the possible risk of overlap between the OMC Net activity and the work of the CREST OMC Expert Groups;
- improvements of the OMC process by clearer definition of the objectives and timelines concerned; by having an optimal mix of Member States participating in each activity; by defining the level and type of representation and by using modern (ITC) tools in the management of the work;
- expert groups should have a variable geometry to reflect the different priorities of countries;
- CREST should endorse the Expert Groups’ results by adopting a report to be sent to the Council and Commission.

The Commission indicated that the OMC is not about imposing policy coordination but aims at improving policy making through mutual learning and concerted initiatives between MS. ERANET and INNONET deal with the coordination of research and innovation programmes, whereas OMC-NET aims at supporting bottom up initiatives to improve research policies.

The Chairman concluded that the overall verdict on the OMC was positive and that the sharing of experience with the support of the Commission seemed particularly important. It was agreed that, having received the final reports of the Expert Groups, CREST should consider what follow-up should be given to the exercise, for example in terms of possible recommendations.

7. AGENDA FOR THE NEXT MEETING (5 DECEMBER 2005; BRUSSELS)

The agenda for the next meeting could possibly cover the following items:

- 3 % OMC - Second Cycle - Work progress in the Expert Groups;
 - Modification of state aid rules regarding SMEs: Presentation by the Commission on the outcome of the consultation;
 - Mobility and universities;
 - Basic research - comparative overview;
 - State of play on Art. 169 initiatives.
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