

SCIENTIFIC AND TECHNICAL
RESEARCH COMMITTEE

– CREST –
Secretariat

CREST 1209/05

NOTE

To: Crest delegations

Subject : **DRAFT SUMMARY CONCLUSIONS OF THE 305th MEETING OF THE
SCIENTIFIC AND TECHNICAL RESEARCH COMMITTEE (CREST)
HELD IN BRUSSELS ON 5 DECEMBER 2005**

The meeting was chaired by Mr. Richard ESCRITT (European Commission, DG Research, Director).

1. ADOPTION OF THE DRAFT AGENDA

The Committee adopted the agenda as set out in communication CM 4226/05 of 24 November 2005.

2. APPROVAL OF THE DRAFT SUMMARY CONCLUSIONS OF THE 304th MEETING OF
19/20 OCTOBER 2005

The Committee approved the summary conclusions set out in doc. CREST 1207/05.

3. INFORMATION FROM THE PRESIDENCY AND THE COMMISSION

a) Mr. IBBETT (UK Presidency) informed the Committee on

- the results of the conference on the coordination of national research and development programmes in Manchester (21 October 2005);
- the items relevant for R&D, dealt with by the Competitiveness Council on 28/29 November 2005, in particular
 - = the Partial General Approach on the FP 7 proposal¹,
 - = the Council Conclusions² on the Communication by the Commission "More Research and Innovation - Investing for Growth and Employment",
 - = the Progress Report on the Competitiveness and Innovation Framework Programme (CIP)(2007-2013).³

b) Mme DE LA TORRE (Commission services) informed the Committee on

- Commission activities in the research field, following the Informal European Council at Hampton Court;
- the results of the online consultation on the possible creation of a European Institute of Technology (750 replies received by 15 November 2005). Comments focused on the organisation structure, the guiding principles, the main tasks and the mission of the European Institute of Technology. A Communication or Staff working paper on an in-depth analysis will be prepared by the Commission for the end of February 2006. This could - at a later stage - lead to a formal proposal;
- the Commission Communication on the role of universities scheduled for January 2006;
- a report on "Attracting researchers within the European Research Area" planned for the first half of 2006;

¹ doc. 15062/05 RECH 231 ATO 116 COMPET 273 CODEC 1108.

² doc. 14604/05 RECH 217 COMPET 253 ECOFIN 358 SOC 442

³ doc. 13814/1/05 COMPET 227 RECH 200 ENER 160 ENV 497 TELECOM 117 ECO 123 CODEC 954 REV 1.

- a forthcoming Communication on a new framework on "fiscal incentives for research";
- a forthcoming proposal for a Decision on the multiannual guidelines for the coal and steel research fund;
- a Communication by the Commission on international scientific cooperation scheduled for March 2006;
- two proposals relating to the implementation of ITER planned for the second quarter of 2006.

c) Mr SEISER (incoming Austrian Presidency) informed the Committee on

- details concerning the next CREST meeting in Vienna on 26/27 January 2006 which will include a workshop on international research cooperation on the second day;
- plans for the continuation of work on the FP 7 proposal following the partial general approach, as well as on the proposals for the specific programmes and the rules for participation;
- the appearance of the Austrian Federal Minister for Research before the EP Committee scheduled for 31 January 2006;
- examining the possibilities for the 3rd OMC cycle during 2006;
- dealing with research matters in the context of the Lisbon Strategy and in relation to the contribution of the Competitiveness Council to the Spring European Council 2006.

4. 3% AND OPEN METHOD OF COORDINATION

(i) Preparation of the CREST report on the second OMC 3 % cycle and further guidance to chairs of expert groups

Mr GOENAGA (Commission services) recalled that the principles of the second cycle were established in the "modus operandi". Four expert groups will conclude their work by the end of March 2006. The Expert Group on Intellectual Property Rights plans to conclude by the summer of 2006.

Delegations were asked to reflect on whether the results of the expert groups should be annexed to the final OMC second cycle report and on the extent to which recommendations and good practice findings should be contained in the report. It was also suggested that a group of rapporteurs should be set up, possibly consisting of representatives from the lead countries of the expert groups. These would be charged with the work of drafting the final report on the second cycle and preparing the continuation of the work on OMC (third cycle).

Delegations welcomed the document on the "outcomes expected" prepared by the chairmen of the Expert Groups. In general, there was a large degree of consensus that the OMC second cycle report should focus on a limited number of key recommendations highlighting only the most important results of the Experts Groups.

The UK and Irish delegations volunteered to support the work of the Drafting Group reporting on the second cycle OMC.

The Austrian delegation regretted that it is not possible to use the OMC report as additional input to the Spring European Council.

The Chair concluded that a decision on how CREST could comment on the Commission's Annual Report should be made at a later stage. Regarding the group of rapporteurs to draft the CREST report, delegations were invited to nominate possible candidates to the Commission (Mr GOENAGA) at the earliest possible date.

(ii) Embedding OMC in the national research policy-making systems

Mr GOENAGA introduced the point by inviting delegates to report on their experience concerning the input of OMC results to national policy-making.

Some delegations stressed the importance of mutual learning as a contribution to the processes at domestic level, including learning from evaluation methodologies used in other countries. There had been some examples of national policy being adapted as a result, for example in relation to fiscal measures for R&D.

Other delegations pointed out the importance of regular reporting on OMC as input to national policy-making, while underlining the advisory character of OMC recommendations which is not intended to affect national competences in the research field, but rather enhance the quality of decisions taken.

(iii) Presentation and discussion on the study "Examining the design of research programmes"

Mr. HUNTER (Optimat Ltd.) presented the study "Examining the Design of National Research Programmes" which had aimed at identifying the main barriers to transnational cooperation in the 34 ERA countries as well as factors that could help to increase the transnational character of programmes. The final report of the study was accompanied by a user's guide which gives a synoptic view of the main messages relating to transnational cooperation throughout Europe.

In the ensuing discussion, delegations stressed that

- the barriers to transnational cooperation are not always of a legal nature, but frequently result from the content and objectives of research programmes;
- the definition of "transnational investment" might need to be clarified, taking into account that many countries also have separate international programmes;
- the study is unlikely to have covered all relevant programmes because of understandable limitations to the scope of the study or an insufficient number of replies;

Mr GOENAGA noted that the study might feed into possible further work on this issue (third OMC 3 % cycle), and suggested that delegations could still submit further information or comments on their national programmes to the authors of the study.

Mr VAN DER PLAS (NL delegation) referred to the results of a workshop on coordination of national R&D schemes in Flanders, the Netherlands and North-Rhine Westphalia contained in a document made available to delegations and which reinforced many of the findings of the study.

(iv) Update on the Assessment of National Reform Programmes (NRPs)

Mr GOENAGA (Commission services) gave an update on the state-of-play regarding the National Reform Programmes which are currently the subject of assessment by the Commission. While most countries stressed R&D as being a key priority in their NRPs, only 14 countries had provided investment targets for 2010. However, some Member States have provided targets for other years, while some others had provided no targets. The first assessment of NRPs by the Commission will be sent to the Lisbon coordinators in the Member States, with the Commission Annual Progress report on the assessment of NRPs scheduled for 25 January 2006.

5. ART. 169 INITIATIVES

Mr SMITS (Commission services) presented an update on the contributions received by Member States concerning the financial integration aspect of Art. 169 initiatives and in particular the issue of the "common pool". In this regard, a substantial number of Member States had yet to send in written comments concerning their views as to the possible barriers to financial integration under an Art. 169 initiative. They were invited to undertake this work as quickly as possible.

Following comments by delegations, Mr SMITS stressed that the possible legal conditions and options for the setting up of Art. 169 initiatives are still being investigated since the real "common pool" is but one of the financing possibilities for an Art. 169 initiative.¹ However, should there be serious legal problems for a number of countries to contribute to a common pool, the Commission would consider an alternative to Art. 169 initiatives for certain topics.

6. BASIC RESEARCH

Mr VERLAECKT (the rapporteur) indicated that a revised version of his summary report would be sent to delegations before the end of the year for correcting factual errors. This would allow him to present the report for adoption at the next CREST meeting in Vienna.

7. REVISION OF STATE AID RULES FOR R & D AND INNOVATION

Mr SCHULTE (Commission services) informed the Committee that the State Aid Action Plan² from June 2005 which constituted a consultation document concerning a framework for less but better targeted state aid has, in the meantime, been complemented by a specific Communication on State Aid for Innovation³ in the form of a consultation document which focuses on certain principles governing public financial support in the future. In line with the re-launched Lisbon Strategy, the ongoing consultation requests the views of stakeholders on certain points, especially whether R&D-state aid should be targeted to correcting well-identified types of market failure (e.g. externalities, inefficient dissemination of information, coordination problems) and how the existing areas of public support (e.g. training and mobility, clustering, innovation intermediaries) could be used more efficiently and in the least distortive manner. The Commission will present a draft of the new framework in March 2006.

¹ See, for example the discussion on a "virtual common pool" vs. "real common pool" at previous CREST meetings (doc. 1205/05, doc. 1206/05).

² State Aid Action Plan - Less and better targeted state aid: a road map for state aid reform 2005-2009 (doc. 10083/05) - COM (2005) 107 final.

³ Consultation document on State Aid for Innovation (doc. 12695/05- COM (2005) 436 final).

In substance, the Commission identified several measures for innovative activities where state aid would be justified within a targeted approach. As a new element, the Commission is giving consideration to a possible "lump-sum" aid to new and innovative small enterprises. Furthermore, subsidies for the recruitment of researchers and engineers to SMEs could be treated along the same lines. Moreover, SMEs could benefit from innovation and research vouchers which would enable them to buy counselling services by innovation intermediaries. With regard to state aid to risk capital funds, certain adaptations are being considered.

Concerning state aid to R&D projects, the current framework will be prolonged until the end of 2006 to allow for an in-depth review. In the new framework, the existing approach for different stages of research (e.g. basic research up to 100 % support) will be maintained. Moreover, both support to public and to private research organisations will continue to be assessed according to the same rules. Also, the additionality criterion will, in principle, remain unchanged. Discussions are under way concerning the need to adjust definitions to a non-linear model of research, and to consider the possibilities of "lump-sum" aid and stronger case-by-case assessment. Further thought will be given to the question of exploitation of research results when public research organisations and private enterprises engage in collaborative research. The Commission is also considering simplification of the bonus system in order to focus better on European research objectives.

Delegations welcomed the presentation by the Commission and the suggested prevalence of economic criteria in the assessments. Comments focused in particular on :

- the open question of separate frameworks for innovation and R&D vs. a combined approach ;
- the need for greater flexibility for state aid innovation in line with the Integrated Guidelines of Spring 2005;
- the need to focus the assessment on the type of measure (e.g. basic research, development) instead of the type of recipient (e.g. SMEs, large companies);
- the Commission's intentions concerning a possible adjustment of the support rates.

In the reply, the Commission (Mr SCHULTE) explained that more favourable treatment especially towards SMEs is still under discussion, but that some kind of limitation, in particular regarding lump-sum aid, will probably be necessary.

8. PARTICIPATION OF CROATIA AS OBSERVER IN CREST

The Chair suggested that representatives from Croatia (as a candidate country) should be allowed to participate in CREST as an observer.¹ It was decided that CREST would follow the procedure applied before the previous enlargement to allow countries which were both associated to the FP and candidates for accession to the EU, to participate in CREST activities, with the Research Working Party and the Permanent Representatives Committee being informed accordingly. Thereafter the Chairman of CREST would invite Croatia to send up to two representatives as observers to CREST.

9. AGENDA FOR NEXT MEETING (26/27 JANUARY 2006; VIENNA)

The meeting will take place in Vienna. A normal CREST meeting will take place the first day and an open CREST workshop on international scientific co-operation will be arranged for the second day. The agenda is likely to cover the following items:

- Presentation of the Austrian Research and Innovation policies;
- 3% and OMC (decisions on the structure of the final report on the 2nd cycle);
- Basic Research
 - = Presentation and possible adoption of the final version of the comparative overview report;
- Universities and mobility of researchers (poss.);
- Art. 169 co-financing possibilities.

¹ See also doc. 1208/05 CREST.