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THE EUROPEAN UNION**

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**NOTE**

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from: Mr Jan Willem OOSTERWIJK, Chairman of the Economic Policy Committee  
dated: 24 May 2005  
to: Mr Jeannot KRECKÉ, President of the Council (Competitiveness)  
Subject: Opinion by the Economic Policy Committee on the Competitiveness and  
Innovation Framework Programme 2007-2013, and the 7th Framework  
Programme for Research 2007-2013

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Delegations will find attached the Opinion by the Economic Policy Committee on the Competitiveness and Innovation Framework Programme 2007-2013, and the 7th Framework Programme for Research 2007-2013, as well as an accompanying letter from Mr Jan Willem OOSTERWIJK, Chairman of the Economic Policy Committee.

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Annexes



**ECONOMIC POLICY COMMITTEE**

THE PRESIDENT

Brussels, 24 May 2005  
ECFIN/EPC(2004)REP/52467

Dear Mr. President,

**Opinion by the Economic Policy Committee on the Competitiveness and Innovation Framework Programme 2007-2013, and the 7<sup>th</sup> Framework Programme for Research 2007-2013**

The Spring European Council, on 23 March 2005, agreed that improving innovation, knowledge and R&D performance is a key component of the re-launch of the Lisbon strategy. In this respect the Commission published in April 2005, proposals for a Competitiveness and Innovation Framework Programme (CIP), and a seventh framework programme for research, technological development and demonstration activities (FP7).

I am writing to inform you of the views of the EPC ahead of the Competitiveness Council discussion on 6 June. I have pleasure in enclosing the EPC Opinion on these proposals. The Committee considers that both programmes should focus on excellence and on the improvement of European productivity and growth. Thereby, they will promote competitiveness and the creation of more and better jobs.

The Competitiveness Council, and its High-Level Group, may wish to take these views into account in their discussions of the Commission's proposals. I am copying this letter to Mr Jean-Claude Juncker, the President of Ecofin, to Mr François Biltgen, Minister for Culture, Higher Education and Research, and to Mrs Elizabeth Mannes-Kieffer, the President of the High Level Group on Competitiveness.

Yours sincerely,

Jan Willem Oosterwijk

Mr. Jeannot Krecké  
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President of the Competitiveness Council  
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**Opinion by the EPC on the  
Competitiveness and Innovation Framework Programme 2007-2013, and the  
7<sup>th</sup> Framework Programme for Research 2007-2013**

At the European Council on 23 March 2005, the European Council agreed that improving innovation, knowledge and R&D performance is a key component of the re-launch of the Lisbon strategy. Performance in those areas remains too low in comparison with that of major international competitors. The Commission's latest Innovation Scoreboard shows that the US outperforms the EU average on nine of the twelve performance indicators available for both.<sup>1</sup> The EU's comparative innovation performance is one of the factors which explain lower productivity in Europe compared with the US.

The Economic Policy Committee (EPC) in this respect welcomes the proposal by the Commission for a Competitiveness and Innovation Framework Programme (CIP)<sup>2</sup>, and the seventh framework programme for research, technological development and demonstration activities (FP7)<sup>3</sup>. Both programmes should be based on European excellence. The Committee considers that both programmes should concentrate on the improvement of European productivity and growth. Thereby, they will promote competitiveness and the creation of more and better jobs.

In general, the Committee insists that:

- The CIP and FP7 must be considered in the light of ongoing negotiations for the Financial Perspectives 2007-2013. In this context, the Committee questioned why the proposed budget for the CIP was greater than the combined budget of the programmes it would replace and whether a doubling of the budget for the research, technological development and demonstration framework programme is justified.
- Progress in the areas concerned by those programmes is primarily in the hands of Member States. Any Community level action should respect the principle of subsidiarity, and should be focussed on areas where genuine European value can be added.
- The improvement of the general framework conditions for innovation and R&D is vital. This means creating an environment in which firms are able to grow quickly and challenge less innovative incumbents to improve their performance. Particular attention should be devoted to SMEs.
- EPC also noted the potential for synergies between elements of the two programmes, and emphasised the importance of effectively 'dove-tailing' them to create meaningful and complementary effects and avoid overlaps. There needs to be more information on the mechanisms that will effectively ensure complementarity between the FP7 and the CIP.

<sup>1</sup> See [ftp://ftp.cordis.lu/pub/cordis/docs/eis\\_2004\\_main\\_doc.pdf](ftp://ftp.cordis.lu/pub/cordis/docs/eis_2004_main_doc.pdf)

<sup>2</sup> COM(2005)121 final of 6 April 2005

<sup>3</sup> COM(2005)119 final of 6 April 2005

- There is also a strong need to effectively co-ordinate the two programmes (its objectives and instruments) in particular with the Structural Funds, the innovation strand of the 6<sup>th</sup> Framework Programme and the action undertaken by the Member States in those areas.
- The instruments of better regulation (regulatory impact assessments etc) should be applied to the implementation of these programmes.

On the individual programmes, the Committee wishes to emphasise:

### **Competitiveness and Innovation Programme**

The development of an effective European innovation system is an essential ingredient for improving international competitiveness. The Committee broadly welcomes the new Programme, with its topics: entrepreneurship and innovation; ICT policy support; the Intelligent Energy – Europe Programme; and eco-innovation.

- The EPC supports the streamlining of support for business over a number of existing programmes. However, in order to be successful there needs to be clear evidence that overlap and duplication will be avoided and that European businesses within the CIP will receive real and effective support in a coherent framework.
- References to regional disparities should be clarified, with the focus of innovation policy through the CIP being areas of low innovation, rather than those suffering from low general income (which is a matter for the Structural Funds).
- The Committee welcomes the increased focus on strengthening the private market in risk/venture capital, in particular for SMEs (in line with the conclusions of the March 2005 Spring European Council), which could also be extended to micro-businesses. This should consider the specific challenges of encouraging innovation in the new Member States.
- The different topics of the Programme have to be effectively co-ordinated. The structure of the programme committees managing the sub-programmes should work collaboratively, exploiting the maximum synergies between the various strands of the Programme. The Programme will last for 7 years, implying that it is key that there is flexibility to respond to market changes. The EPC is therefore pleased to see that there will be some flexibility to move resources around CIP where demand and the economic impact is greatest.
- The thematic clarity within the Programme could be further improved, given the number of actions and instruments and the different target groups. For example, the proposal lacks a clear definition of “eco-innovation” and an explanation of the role and scope of environmental technologies and eco-innovation in the CIP. It is also not clear how the CIP will fit in with the implementation of the Environmental Technology Action Plan (ETAP).

### **7<sup>th</sup> Framework Programme for Research**

The European Council in March 2005 concluded that the FP7 “*will lend fresh impetus to a European research area for the benefit of all Member States by enhancing European cooperation, mobilising private investment in areas crucial to competitiveness and helping to fill the technology gap. The programme should act as a lever on national research budgets.*”

The FP7 will make a substantial contribution to progress towards the EU’s objective to increase investment in research and development towards 3 percent of GDP. The EPC believes that a key aim of the framework programme should be to promote participation by industry including SMEs, co-operation between business and research and to boost future technologies. Excellence should

be the only criterion for the allocation of research funds. The Committee in particular welcomes the focus on promoting international co-operation; supporting “frontier-research”; increasing the supply of skilled researchers; and, promoting the increase of research infrastructures.

- The EPC welcomes the proposal to establish a European Research Council, which should be politically independent, with projects selected (under a transparent process) solely on the basis of excellence. It is crucial that such a body should add value over and above Member States’ own institutions and funding.
- The EPC welcomes the possibility to foster European Technology Platforms. In this respect, a transparent approach should be applied in order to guarantee a clear procedure on how specific research themes will be selected for the new Specific Programmes of FP7.
- The Committee strongly welcomes the emphasis on mobility of researchers, but would question the value of scaling back the previously successful Individual Fellowships as a trade-off. Instead the focus should be on increasing interest of young people in science, and ensuring equal treatment and opportunities for women scientists.
- Maximising knowledge transfer and the dissemination of results should be a priority across the Framework Programme. The research results must be disseminated and utilised as widely and effectively as possible.
- The administration and operation of the FP7 should be simplified to ensure greater business participation. The exploitation of European research infrastructures across the whole research base should be maximised.
- The Programme should also be based on rigorous evaluation of previous programmes, piloting of measures and transparent monitoring of implementation processes. With regard to the monitoring and evaluation, Member States should have an opportunity to present their approaches.

### **Governance**

The Committee considers that the procedures and structures involved in the programmes need to be more clearly explained and could in certain cases be more user-friendly including for the new Member States. The evaluation of both programmes should show how they have contributed to productivity, competitiveness and the sustainable use of resources.

The Competitiveness Council and its High-Level Group may wish to take these views into account in their discussions of the Commission’s proposals.

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