

SCIENTIFIC AND TECHNICAL
RESEARCH COMMITTEE

– CREST –
Secretariat

CREST 1203/06

NOTE

To:	CREST Delegations
Subject :	DRAFT SUMMARY CONCLUSIONS OF THE 307 th MEETING OF THE SCIENTIFIC AND TECHNICAL RESEARCH COMMITTEE (CREST) HELD IN BRUSSELS ON 17 MARCH 2006

The meeting was chaired by Mr José SILVA RODRIGUEZ (European Commission, Director General for Research), Mr Richard ESCRITT (European Commission, Director) and for items 8 and 9 by Mme DE LA TORRE (European Commission, Head of Unit).

1. ADOPTION OF THE DRAFT AGENDA

The Committee adopted the agenda as set out in communication CM 151/06 of 13 January 2006.

Mr SILVA RODRIGUEZ, chairing the meeting for the first time since his appointment as Director General, was welcomed by all members of the Committee.

2. APPROVAL OF THE DRAFT SUMMARY CONCLUSIONS OF THE 306th MEETING OF 26 JANUARY 2006

The Committee approved the summary conclusions, after having agreed to incorporate a modification proposed by the UK delegation (see doc. CREST 1202/1/06 REV 1).

3. INFORMATION FROM THE PRESIDENCY AND THE COMMISSION

- a) Mr SEISER (AT Presidency) informed the Committee of major research-related events occurring during the Austrian Presidency. In particular, he highlighted:
- the Senior Officials Meeting in Salzburg (1-3 February 2006) which had led to a set of conclusions on EU/Latin American/Caribbean science and technology cooperation in preparation for a summit meeting scheduled for 11-12 May in Vienna;
 - the results of the European Conference on Security Research (Vienna, 20-21 February 2006);
 - the progress made on research-related dossiers at the recent Competitiveness Council (13 March 2006);
 - the forthcoming Informal Competitiveness Council (20-22 April 2006, Graz);
 - the meeting of the Scientific Council of the ERC scheduled for 26/27 April in Vienna;
 - the forthcoming Conference on European Technology Platforms (4-5 May 2006, Vienna);
 - a conference on "Improving research policies in Europe through the Open Method of Coordination" (18 May 2006, Brussels).
- b) Mr ESCRITT (Commission services) informed the Committee of:
- the situation regarding the contacts between the three institutions in view of an interinstitutional agreement on the financial perspectives and its consequences for the 7th RTD Framework Programme and the specific programmes;
 - the fact that the Scientific Council of the European Research Council has begun its operational work and is scheduled to meet regularly at different locations throughout the Union;
 - the Commission Communication on the role of universities, scheduled to be adopted in May 2006 at the latest.

- c) Mme NYBERGH (Incoming Finnish Presidency) presented initial information on the 309th CREST meeting to be held in Joensuu (Finland) on 4-6 July 2006.

4. 3% AND THE OPEN METHOD OF COORDINATION

(i) The role of CREST in the renewed Lisbon Strategy

Mr SARAGOSSI and Mr GOENAGA (Commission services) presented a discussion paper on the proposed future role of the Committee in the Lisbon Strategy, in particular concerning the 3% and the open method of coordination. The Commission services considered that CREST should consolidate its efforts and achievements. This should involve starting a third 3% OMC cycle by mid-2006; areas could relate to strategic topics so far not covered by OMC such as "globalisation and R&D" and "the use of structural funds to support research" as well as to the issue of mutual learning concerning National Reform Programmes (NRPs) and Implementation Reports (IRs).

In the future, CREST could be involved in supporting the preparation of the Commission's 2007 Annual Progress Report and the research input to the "2007 Key Issues Paper" from the Competitiveness Council to the Spring European Council.

It was also suggested that CREST meetings at Director General level, probably once or twice a year, would be helpful in bringing forward the process and attaining the Lisbon goals.

With regard to the Working Methods, several sub-groups could prepare reports to be discussed in plenary sessions of CREST. This working method could already be used for the analysis of NRPs and IRs in November 2006. However, any synthesis report should not include country-specific recommendations.

Delegations considered that preparation by a number of sub-groups prior to a CREST plenary was the clearly preferred option for the OMC cycles. However, new expert groups should not be created before careful consideration was given to their areas of investigation and mandate. Several delegations supported the possible involvement of CREST in the preparation of the "2007 Key Issues Paper".

A number of delegations were sceptical as to the idea of involving CREST in analysing aspects of NRPs and IRs, as this could distract from its strategic role, which should be developed. Moreover, the organisation of mutual learning via NRPs should be considered as a subsidiary rather than a central task for CREST. It was important, in this context, to take into account the fact that CREST membership goes beyond that of the 25 Member States of the Union. In the case of a profound involvement of CREST sub-groups in the analysis of NRPs and IRs, it was stressed that the results of the policy mix expert group should be taken into account during the analysis.

The usefulness of tackling topics of strategic importance, thereby strengthening CREST's role, was supported by most delegations. In addition to the topics suggested in the Commission's discussion paper, the "international dimension of research collaboration" and the "European Institute for Technology" merited attention. It was also considered that the policy dimension of the work of CREST should reinforce its advisory function vis-à-vis monitoring or evaluation activities. In this context, CREST might, in the future, also adopt position papers, thereby giving guidance on topics of general interest to the research community.

The need to avoid any duplication with the work undertaken by other bodies (e.g. Working Party on Competitiveness and Growth, Research Working Party, High Level Group Formations, EPC, etc.) was stressed by a number of delegations.

Concerning future meetings of Directors General, some delegations welcomed the idea of integrating such meetings in a long-term work programme for CREST. Other delegations took the view that the meetings of Directors General should be on an ad-hoc basis, when the outcome could be of practical added value.

Mr SARAGOSSI confirmed that the Commission had taken good note of delegations' comments on the work programme of CREST, especially concerning the topics outside the 3% OMC CREST function. Concerning mutual learning on the basis of the NRPs and the IRs, he stressed that there was no risk of any significant overlaps with other activities such as the EPC and the High Level Group, because CREST was the only body that would look in detail at R&D. Furthermore, he emphasized that it was essential that the mutual learning looked at the overall policy mix of a country, since this was the very object of the NRPs. He said that the Commission would present a note with a concrete proposal for how the issue of mutual learning could be addressed at the CREST meeting on 19 May.

The Chair concluded that these issues required further in-depth discussions, following which decisions by the Committee on CREST's tasks and future work areas could be taken.

(ii) Adoption of the OMC Expert Group Reports on Policy-Mix and on Fiscal Measures¹

Mr GOODSHIP (Co-Chair of the Expert Group) presented the Synthesis Report by the Expert Group on "Policy Mix" based on the three related documents containing country peer reviews (Romania, Spain, Sweden). It had been possible to derive both relatively precise country-specific recommendations for Sweden, Romania and Spain reflecting the different strengths, successes, opportunities and problems of their innovation systems and more generic lessons which can be of interest to a wider range of countries.

It was noted that six countries had already indicated their interest to be peer-reviewed in the future in the context of OMC 3%. In this regard, a balance will be maintained between seeking general policy insight and identifying specific recommendations to individual countries.

¹ The reports were made available to delegations before the meeting. The electronic version of the presentations was sent to CREST members after the meeting.

Mr HAMBRO (Chair of the Expert Group) presented the final report of the expert group on the evaluation and design of tax incentives for R&D. The report contains an annex with guidance on evaluation of tax measures, which had been an important focus of the work of the group. It was found that tax incentives compared to direct measures both have advantages and disadvantages and that the real impact on stimulating additional R&D or on achieving other economic objectives is difficult to measure. Tax incentives might be of relative greater interest for countries with relatively low private R&D expenditure in mobilizing their resources and it is important to consider the country-specific conditions, policy priorities and objectives when deciding on the optimal design of tax incentives. Both incremental and volume based tax incentives could be beneficial. The choice should depend on the particular objectives of a tax measure.

The Committee took note of the final reports from these two expert groups and agreed that they should serve as a basis for the CREST OMC second cycle report and also as relevant input for future work in the third OMC cycle.

(iii) Discussion of the OMC Expert Group Draft Reports on Public Research Organisations (PROs) and on SMEs¹

Mr PAYA (Chair of the Expert Group) presented the draft report by the expert group on the "reform of public research centres and universities". The aim of the exercise was to identify good practices. In this regard the issue of knowledge transfer was of central importance. It had been possible to identify three models of knowledge transfer prevailing in Europe:

- a Nordic model, where the bodies engaged in knowledge transfer and networking would predominantly be working under private law;
- a Central European model, where knowledge transfer is organised by long-established organisations on the national scale and by specialised units in universities;
- a New Member States model, where traditional academies play the central role.

¹ The draft reports were made available to delegations before the meeting. The electronic versions of the presentations were sent to the CREST members after the meeting.

In general, for all kinds of knowledge transfer, a demand-driven approach has gained in importance. This would frequently lead to new management structures in PROs and a stronger market orientation. Concerning the support for knowledge transfer infrastructure, sufficient funding and adequate networking would be crucial. Furthermore, funding schemes to assist spin-offs from PROs need to be developed.

Mr ZEEUWTS (Chair of the Expert Group) presented the draft report on "research-intensive SMEs and start-ups". The report focused on five key topics, i.e. seed phase and early stage financing, management skills, collaborative research, public procurement and framework conditions for high-growth SMEs.

In the early phase of SME development, public intervention would normally be necessary to overcome the equity gap. Management skills could best be developed by the training and exchange of competent people (change agents, "coaches"). Research collaboration should aim at targeting the right group of SMEs at programme level. SMEs should be integrated in the formulation of research programme objectives and universities should take into account the research needs of SMEs. Public Procurement should provide more opportunities for developing and demonstrating new technological solutions.

The Committee also took note of the final reports from these two expert groups and agreed that they should serve as a basis for the CREST report and input for future work in the 3rd OMC 3% cycle.

(iv) Updated information on the OMC expert group on Intellectual Property Rights¹.

Mr HOWARD (Chair of the Expert Group) informed the Committee on the progress being made in the expert group on intellectual property rights, which had started its operational activities later than the other expert groups. It should, however, be in a position to present its final report by summer 2006.

¹ The presentation on IPRs was made available to delegations after the meeting.

The task of the group was to deal with two key themes, namely models for effective cross-border collaboration in R&D and training and development of technology transfer officers across Europe. It would be important to define transferable technology transfer skills and then decide on optimal ways to organise collaboration in this regard. A possible outcome of the work of the group would be a user-friendly interface giving guidance to potential collaborators. In this way, useful information on ownership of IPRs, IPR-contracts, confidentiality issues and on the protection and enforcement of IPRs could be made available.

For Member States that were not represented in the group, the Chair asked delegates if they could fill in the TransNational Tech transfer factsheet in order to help complete the database which they are constructing. The sheet was sent to delegates after the meeting.

It was agreed that an in-depth discussion on this subject would take place at a later CREST meeting, after the expert group had finalized its report.

(v) Presentation of the report "Giving more for research in Europe, the role of foundations and the non-profit sector in boosting R&D investment" ¹

Mr PAPACONSTANTINOU (Rapporteur of an independent expert group) presented the main findings of the report on Foundations and the non-profit sector. The heterogeneous landscape of research foundations in Europe was emphasized. The report stresses that the fiscal and regulatory environment of foundations needed to be adapted and that more effective funding mechanisms should be developed. In this context, the tax treatment of donations to foundations including the definition of "public benefit" merits further attention.

¹ The report was transmitted to delegations in electronic form before the meeting.

(vi) Preparation of the 2nd cycle OMC CREST Report including policy recommendations by the CREST drafting group

Mr DARBY (Chair of the drafting group for the synthesis report "2nd cycle OMC")

introduced the reflections of the 2nd cycle drafting group concerning the aim and structure of the CREST synthesis report. The report should indicate the political context of the OMC process, present conclusions and recommendations and set out lessons learned from the expert groups as well as putting forward ideas for the 3rd cycle. The establishment of a network of evaluators and the sharing of expertise among Member States would also be necessary for the 3rd cycle.

The ensuing discussion showed that the final decision on the question whether the reports of the expert groups would be either annexed to or merely referred to in the synthesis report needed further reflection. The synthesis report would in any case be formally adopted by CREST.

The Chair concluded that, because of time constraints, a more elaborate discussion of the reports would not be possible. Delegations were asked to send any comments they may have on the Expert Group reports and especially on the structure of the 2nd cycle synthesis report, directly to the Commission. It was also noted that the Commission intends to publish the Expert Group reports when finalized.

5. SCOREBOARD ON INDUSTRIAL RESEARCH AND INNOVATION

Mr GAVIGAN (European Commission, DG RTD) introduced this point recalling the wider scope of the Industrial Research Investment Monitoring activity of which the EU Industrial R&D Investment Scoreboard forms a part.

Mr LAGET (European Commission, JRC) then presented the second edition of the *Scoreboard* (issued in December 2005) which contains figures for 2004 of the major R&D investing companies - the top EU 700 and the top 700 from outside the EU. Information had been obtained directly from audited company reports and accounts. Results show that the overall R&D intensity of EU companies still lags behind that of non-EU-competitors. Confirming findings from the first edition of the *Scoreboard*, statistical evidence underlines the importance of the sectoral composition of EU firms. While the R&D intensity within the same sector is not inferior to that of non-EU enterprises, the EU continues to have a bigger share of its industrial R&D in sectors with medium or low R&D intensity.

At the company level, the R&D investment is concentrated in very large companies, (the top 50 EU companies are responsible for 74% of the overall R&D investment by 700 EU *Scoreboard* companies). At the same time, regional concentration within Europe merits attention. In this context it has, however, to be stressed that the R&D investment was statistically attributed to the registered offices of the companies. Nevertheless, the different sectoral composition of high/medium/low R&D intensity is also reflected in the regional results.

6. ART. 169 INITIATIVES (INCLUDING EXPERIENCE WITH THE ERA-NET INSTRUMENT)

Mr SMITS (Commission services) presented an overview of first results of the ERA-NET scheme, which aimed at facilitating the coordination of National research programmes. Between 2002 and 2006 the ERA-NET scheme had a budget of € 183 M and the instruments used were "coordination actions" and "specific support actions" covering all fields of science and technology.

The experience with ERA-NET had been positive: besides networking and benchmarking, also joint activities and joint calls were actually undertaken. The time to contract was short and proposals were of high quality. In the light of this experience the Commission had decided to continue and reinforce ERA-NET within FP7 and to add a new ERA-NET PLUS module. Some ERA-NETS have resulted in proposals of new Art. 169 initiatives.

Delegations acknowledged the overall positive contribution of ERA-NETs to the European research landscape. They mentioned the need, however, to adapt the instruments to make them even more effective in the future, namely by:

- avoiding fragmentation;
- developing a real strategy reflecting the long-term commitment of national budgets to certain research objectives;
- joint evaluations instead of individual evaluations at national level;
- finding a balance between flexibility and long-term strategic programme management.

Mr SMITS then stressed the importance of the three dimensions of integration for future Art. 169 initiatives (scientific, managerial and financial). With regard to the financial integration, it has become clear that most Member States prefer a "virtual common pot" (VCP) approach, although solutions to meet the shortcomings of a VCP would have to be found.

Delegations supported the idea of deciding on a case-by-case basis whether a "real common pot" (RCP) or a VCP approach should be used for each individual Art. 169 initiative. In this regard, the overall size of the budget would have to be taken into account and the option of a brokerage solution (as apparently used by EDCTP) was suggested as a possible solution.

7. WORKING METHODS OF CREST

The Chair introduced the item by pointing out that, in the future, the work of CREST could certainly benefit from:

- less time pressure at the CREST meeting itself;
- a reduction in the number of agenda items;
- consideration being given to introducing an annotated agenda or an introductory guidance document, containing, for example, lead questions for the Committee's discussions;
- better differentiation between items where a focused policy debate is foreseen and those of a more technical nature;
- further reflection on the number of CREST meetings to be held per annum.

Mr SEISER (Austrian Presidency), who had presented a reflection paper on the working methods of CREST at the previous meeting, supported many of the Chair's suggestions and pointed out that the expertise of the Committee should be more beneficially deployed. The idea of including workshops or networking events in the work programme of CREST could also be examined. A joint working group could be established to look into further options for developing CREST's work.

During the discussion the following ideas were stressed by delegations:

- the number of meetings should be adapted to the workload, which is not constant over time;
- the availability of working documents, besides official CREST documents, could be improved by using electronic means (e.g. intranet site devices);
- CREST should focus on strategic discussions of long-term relevance and strengthen its advisory role vis-à-vis the Commission before research-relevant proposals or communications are adopted and transmitted to Council and Parliament;
- the items scheduled solely for presentation should be considerably reduced in number;
- an annual work programme could be established as had been the case in the past.

The Chair agreed to consider these ideas for discussion at the next meeting. The Chair also acknowledged that there was a clear need for structuring the work of CREST more efficiently, and that the various opinions expressed would be reported to the Commission's DG for RTD.

8. SCIENCE IN SOCIETY: FROM FP6 TO FP7

Mr MAGNIEN (Commission services) presented the experience and lessons learnt from the Science in Society section of FP6. "Science in Society" had benefited from the input from OMC and a variety of actions (e.g. STREPs, coordination actions, specific support actions, partnerships) had been funded through 19 calls. Following surveys, assessments and the input from the European Forum held in March 2005, "Science in Society" in FP7 would follow the same strategy with particular emphasis being placed on streamlining and synergies with national policies. Adaptations would result in stronger links to the Lisbon strategy, the raising of standards via benchmarking and a better exchange of information on progress made within "Science in Society" policies of different Member States.

Delegations stressed the need to incorporate the results of surveys and of the mid-term assessment for future programme management under FP7 and requested clarification on the links between "Science in society" in FP7 and the Science in Society Action plan. A more in-depth stock-taking exercise of the framework conditions concerning standard-setting, regulatory action or even soft law in the Member States, as suggested by the Commission, was welcomed.

The Chair invited delegations to send further comments to the Commission services in relation to the progress made in this field as part of the future stock-taking exercise.

9. NEXT MEETING

The next meeting will take place in Brussels on 19 May 2006.
