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### **BUSINESSEUROPE'S VIEWS ON THE *EUROPEAN INSTITUTE OF TECHNOLOGY***

#### EXECUTIVE SUMMARY

It is the view of BUSINESSEUROPE that the European Institute of Technology needs to create poles of excellence that directly contribute to more innovation and thereby more growth and jobs.

It can do this by providing challenges and conditions that in public-private partnerships attract participation of European business and researcher worldwide.

In order to achieve this it needs:

- the business communities involvement in its establishment, management and operation;
- public-private partnerships implemented at every level of its structure;
- to focus on innovation and implement a research strategy which has a strong mission orientation facilitating active alliance between universities and innovative enterprises;
- Knowledge and Innovation Communities (KICs) established through a competitive, open and transparent selection process and which are to set their own terms of reference, including on IPRs;
- to complement other pro- research, innovation and education instruments developed by the European Union and participate in these on equal terms with other candidates;
- to provide clear linkage between its strategic objectives and thematic priorities and the European Strategic Research Agendas which have developed from initiatives such as the European Technology Platforms and the Joint Technology Initiatives;
- to adopt an approach which links teaching and research, with the issue of degrees still requiring clarification;
- to attract private participation in and funding for the KICs;
- significant amounts of public funding, in addition to existing funds, both in the initial start-up phase and during the later life of the institute;
- the Governing Board and the Executive Committee to be free of any form of European or national political interference or direction, with full mandate to make independent decisions on strategic priorities and selection of KICs, and;
- more than half of the members of the Governing Board to have direct industrial and business experience if it is to achieve its stated aims.



## **THE EUROPEAN INSTITUTE OF TECHNOLOGY**

BUSINESSEUROPE sees strengthening knowledge transfer and fostering more effective cooperation between academia, research institutes and business as key to bridging the innovation gap between Europe and its competitors.

Dr. Annette Schavan, Germany's Federal Minister for Education and Research, addressing the Europe Parliament on the 30<sup>th</sup> January stated that the EIT should develop as an institute that will "*facilitate innovation partnerships, promote entrepreneurial initiatives, translate research and development results more rapidly into business opportunities, and enrich the dimension of higher education through the most up-to-date, directly applicable knowledge*".

BUSINESSEUROPE agrees with this vision for the EIT while continuing to support the Education Council's conclusions of 14<sup>th</sup> November which highlight a number of practical details that need to be examined in more detail, including questions of funding and administration and the EIT's competence to award degrees.

### **FOCUS OF THE EIT**

We support the approach outlined in the Commission's October 18<sup>th</sup> communication<sup>1</sup> which would see the EIT as a networking approach to innovation, research and education with clear and unambiguous links to existing community programmes and initiatives. We also support the suggestion that the structure of the EIT should be virtual with only small physical structures in place to help support and administer it.

The EIT will need to complement existing innovation, research and education efforts aimed at securing leadership in the application of frontier research and improving Europe's attractiveness to business and researchers worldwide.

The EIT needs to become the best example in Europe of a public-private partnership in the fields of innovation, research and education if it is to contribute to bridging the gap between Europe and its major competitors.

We support the Commission's idea that the primary focus of the EIT should be innovation. In order to ensure that this aim becomes a reality, business involvement in its establishment, management and operation is crucial. Public-private partnerships must be implicitly developed at every level of its structure.

Attention will be needed to ensure that small and medium sized companies have access to and can involve themselves in the activities which the EIT will oversee.

The EIT should not become an excuse for Member States' failure to fulfil commitments intended to improve the framework conditions for research and development, innovation, investment and growth at both the European and at the nation levels.

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<sup>1</sup> Proposal for a regulation... establishing the European Institute of Technology – COM (2006) 604, October 18<sup>th</sup>, 2006.



## MISSION ORIENTED RESEARCH

We believe that the EIT needs to implement a research strategy which has a strong mission orientation. It needs a strategy that facilitates active alliance between universities and innovative enterprises, and which promotes the development of leading industrially oriented research groups.

The proposed Knowledge and Innovation Communities (KICs) are the structure by which this could be achieved. We believe that the KICs must be developed as public-private partnerships and to succeed they will need to offer specific incentives not to be found in other European instruments.

The KICs for example, will need to offer industry the possibility of engaging in mission-oriented high-level research in areas of importance to European business and society (for example green technology). They will need to provide both an identifiable mission and a dedicated roadmap for how this research is to be pursued. They will need to be instruments that support technical and scientific development in companies through research and knowledge transfer and should include industrial R&D groups/laboratories and adopt an open innovation approach. Each KICs should, mirroring the format of the EIT itself, have a small physical structure located in one place to support, administer and act as a focal point for it.

The terms of reference for each individual KIC should be settled by the participants themselves. Key issues, such as IPR rules should allow the greatest possible scope for flexibility and be constructive with a view to the effective exploitation of results.

The KICs should be established following a competitive, open and transparent selection process which is free of political influence. An independent Governing Board of the EIT similar to that established for the European Research Council (ERC) but with a larger representation of members with industrial experience should have the role of identifying and selecting individual KICs.

As an institute it will also have a role in establishing and fostering an entrepreneurial mind-set. The KICs in particular should take a lead role on this in the areas that they will focus upon.

## COORDINATION WITH OTHER EUROPEAN INSTRUMENTS

We support the view that it is important that the EIT complements other pro- research, innovation and education instruments developed by the European Union. We are as a result seriously concerned that the current proposals do not highlight the need for clear linkage between the strategic objectives and thematic priorities of the EIT and European Strategic Research Agendas which have developed from initiatives such as the ETPs and the JTIs.

European business has invested heavily in the conceptual development of the ETPs. These platforms define R&D priorities, timeframes, and action plans on issues where growth, competitiveness and sustainability objectives require major medium- to long-term research and technological advances. They are an important source of insight, which are used explicitly to provide strategic guidance and for establishing research agendas. They should be used in a similar way to provide strategic guidance for the EIT and the KICs.



We explicitly support the Commission when it states that whenever EIT overseen research activities seek participation and funding under Community programmes (such as FP7, the Competitiveness and Innovation Programme (CIP), Integrated Life Long Learning etc.) they can only do so without preferential treatment and subject to the same rules that apply to any other potential applicant seeking funding.

#### TEACHING / EDUCATION ACTIVITIES

Regarding education activities we support an approach which links teaching and research. One of the first tasks of the independent Governing Board should be to set in motion a process which will define how this will be done in practice. One issue however which needs clarification from the very start is that of whether and in what form the EIT would issue degrees given that delivering higher education diplomas is a Member State competence.

#### FINANCING

The EIT can only be successful if there is willingness to fund it. Significant amounts of public funding are required both in the initial start-up phase and during the later life of the institute. This public funding should be in addition to existing funds (i.e. ‘fresh money’) and must not be diverted from existing national and European budgets allocated to research programmes.

Companies will, according to their individual interests and strategies, decide on partnership in the KICs by engaging their resources in industrially relevant R&D as well as participating in their financing. Companies will contribute if they believe a return on their investment will be forthcoming, which is the best test on the relevance and quality of the work embarked on under the umbrella of the EIT.

Ultimately, it will be possible to gauge the success of the EIT on its ability to attract private financing and participation and to build up public-private partnerships.

We are also of the opinion that the institute will require a sufficient endowment in order that it will have the freedom to develop key areas. This should be considered and provided for in the set-up phase.

#### GOVERNANCE

The governance of the EIT is a key business concern. The Governing Board and the Executive Committee of the proposed institute must, at all times, be free of any form of European or national political interference or direction. This freedom must be reflected both in the way these bodies are established and in the actions they undertake.

Independent governance is a fundamental necessity if the EIT is to be able to successfully identify the strategic issue areas which it (through the KICs) will focus on. Also assessment and selection of projects has to be independent, fully open and transparent, using the following criteria: excellence, market relevance and the financial commitment of parties concerned.

We agree fully with the Commission’s proposal when it states that members of the Governing Board and the Executive Committee should have industrial experience. More than half of the Governing Board need to have direct industrial and business



experience. One of the main selling points of the EIT is its focus on innovation. This level of industrial and business expertise and experience is necessary in order to develop an institute that is really able to enhance innovation. BUSINESSEUROPE offers its assistance in identifying potential industry and business members for this board.

## CONCLUSION

The challenge facing the EIT will be to create poles of excellence that directly contribute to more innovation and thereby more growth and jobs in Europe. It can do so by providing challenges and conditions that attract participation of European business and researchers worldwide.