

POSITION PAPER

Brussels, 3 August 2018

Orgalim's 16 recommendations to EU policy makers on Horizon Europe

Orgalim is a strong supporter of the EU's research and innovation policy and of the European Research Framework Programmes. EU policy and programmes in this area underpin the broader goal of boosting employment and economic prosperity in Europe. They significantly contribute to the competitiveness of European industry and represent a long-term investment that will benefit European society and its citizens.

Without a strong and competitive industrial base in Europe, the EU will not be able to solve the global challenges we are facing. Without industrial participation, the Framework Programmes will simply not be able to achieve the targets of strengthening economic growth and innovation and increasing the impact on competitiveness as foreseen in the EU Treaty; moreover, the related growth in jobs will be hampered. With this in mind, Orgalim is making the following recommendations for the next EU Framework Programme, Horizon Europe.

General recommendations

1. Budget
2. Industrial collaborative research
3. The excellence principle
4. Civil research
5. Data confidentiality / Open access
6. Support all types of innovation
7. Treat companies of all sizes in the same way

Orgalim represents Europe's technology industries: companies that innovate at the crossroads of digital and physical technology. Our industries develop and manufacture the products, systems and services that enable a prosperous and sustainable future. Ranging from large globally active corporations to regionally anchored small and medium-sized enterprises, the companies we represent directly employ 11 million people across Europe and generate an annual turnover of around €2,000 billion. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.

1. BUDGET

The Commission proposal for a budget allocation of €100 billion for the years 2021-2027 is a positive sign that Europe is determined to invest in its future. However, we believe the high ambition of the new programme requires a higher budget.

→ **We support proposals put forward in the European Parliament and in the Lab-Fab-App report to increase the Horizon Europe budget to a level of €120-160 billion**

2. INDUSTRIAL COLLABORATIVE RESEARCH

Technology companies produce products and systems that deliver long-term societal benefits, and these companies become stronger and more knowledgeable when engaging with partners all over Europe. If Horizon Europe does not have a strong focus on industrial collaborative research, there is a risk that industrial companies may turn away from EU programmes, diminishing the creativity generated from collaboration between people of different cultures and knowledge.

→ **Put industrial collaborative research at the heart of Horizon Europe**

3. THE EXCELLENCE PRINCIPLE

Only with excellence can we ensure that future products and solutions can compete globally, allowing companies to continue growing and creating jobs in Europe.

→ **Excellence should be the main criteria to evaluate proposals irrespective of the pillars**

4. CIVIL RESEARCH

Horizon Europe should indeed focus on civil research, development and innovation. It is important that defence research is funded separately for two reasons: firstly, to avoid any negative financial impact on the "civil" funding; secondly, to keep Horizon Europe indiscriminately open to all applicants in all topics.

→ **Keep Horizon Europe focus on civil research**

5. DATA CONFIDENTIALITY / OPEN ACCESS

R&D efforts of companies translate into IP and subsequently into innovations. In this context, data plays a crucial role and so does the confidentiality of this data. If companies cannot opt out under reasonable conditions, no company will be prepared to join a project – something that would have a significant negative effect on the impact.

→ **The opt-out rules should be maintained and not made impossible to use in practice**

6. SUPPORT ALL TYPES OF INNOVATION

Orgalim believes that both breakthrough and incremental innovation should be considered as equally important in Horizon Europe. Incremental improvements play an important role for companies in

increasing productivity and keeping up with competition; indeed, most innovations are created with incremental progress. Moreover, disruptive market creating innovation is often based upon incremental technological progress. This is what largely contributes to sustained industrial growth and new market opportunities.

→ Support all types of innovation (incremental, disruptive) irrespective of the pillars

7. TREAT COMPANIES OF ALL SIZES IN THE SAME WAY

Orgalim believes that all organisations participating in the future programme should be treated equally. Start-ups should play by the same rules as other companies and companies that are not competitive enough should not be kept afloat by injections of public money. Besides long established SMEs or larger companies need to take part in RDI projects to develop and evolve.

→ Allow companies of all sizes to apply to all calls; in particular do not restrict EIC applicants on a size of company criteria

Recommendations on the structure of the future Horizon Europe Programme

- 8. Pillar structure
- 9. Cluster "Digital and Industry"
- 10. Partnerships
- 11. Missions
- 12. Ecosystems

8. PILLAR STRUCTURE

We would prefer that the former "Industry Pillar" be kept independent, as symbolically this would send a clear message that industry is important for Europe. We strongly believe that Pillar 2 must have as its leading principle the competitiveness of industry. Research for competitiveness requires an independent strategic approach following a rationale of entrepreneurship and industry-driven innovation. It is important that the challenges to global competitiveness confronting European industry are clearly present in all clusters of Pillar 2.

→ Make industrial competitiveness the leading principle in Pillar 2

9. CLUSTER "DIGITAL AND INDUSTRY"

The cluster "Digital and Industry" is core to the technology industries, and the research areas that will be covered in this cluster will have a positive impact on all industries in the long run. It contains all the seeds for future growth, covering areas such as manufacturing technologies, key digital technologies, artificial intelligence and robotics, circular industries, low carbon and clean industries.

Developing these technologies will help address issues across all the other clusters, making it essential to ensure an integrated approach throughout the Pillar.

→ Reinforce the cluster "Digital and Industry"

10. PARTNERSHIPS

We are pleased that Public Private Partnerships (PPPs) will be continued in Horizon Europe, and we hope they will receive a similar level of financial support from the EU as under Horizon 2020.

From the outset, Orgalim has supported these PPPs, and in particular the Factories of the Future initiative that contributes to the modernisation of the manufacturing sector.

The PPPs should keep their focus on industrial challenges and continue to be open and transparent. We welcome the intention to review PPPs to ensure they remain relevant for future challenges and to avoid unnecessary overlaps.

→ **Continue PPPs with a similar level of financial support from the EU**

11. MISSIONS

We take note of the creation of Missions. However, the concept is not yet well described and many questions remain open regarding budgets, relationship to clusters etc. It should be avoided that such open questions lead to uncertainty in the strategic programming process. As Missions are located in the proposal under Pillar 2, we believe that industry should have a major role to play in the shaping process of future Missions.

→ **Clarify open questions regarding Missions (budget, number of Missions, process, etc.)**

12. ECOSYSTEMS

We believe that Europe's crucial strengths lie in its innovation ecosystems where SMEs, mid-caps and large companies, start-ups, academics and RTOs work together. With a European Innovation Council (EIC) focused on ecosystems, knowledge and innovation, companies would find fertile ground to help maintain and develop jobs and growth in Europe.

→ **European Innovation Council should focus more on strengthening the European ecosystems**

Other specific recommendations

13. The possibility of a budget deviation of 10%

14. Reciprocity

15. Refine call procedure

16. Evaluators

13. THE POSSIBILITY OF A BUDGET DEVIATION OF 10%

We welcome the flexibility this new rule can offer. However, this possibility may also generate uncertainty, for example if budget deviations were to happen too often. The flexibility to react to unforeseen situations should not lead to structural changes in every annual budgetary procedure. Researchers, developers and innovators need trust and certainty to create value.

→ Use budget deviation with caution

14. RECIPROCITY

Orgalim wants the opening-up of R&I programmes to third countries to be based on the condition of reciprocity in funding. It is a question of fairness that organisations are treated equally and that European companies can also benefit from research and knowledge being developed outside the EU.

→ EU firms must have access to equivalent RDI programmes of third countries if organisations from these countries want to benefit from Horizon Europe

15. REFINE CALL PROCEDURE

In single-stage calls, call topics should be more specific and narrower in scope, to avoid oversubscription. In justified cases, more two-stage evaluation procedures should be considered – assuming that there is a very selective stage one, resulting in a somewhat higher probability of success in stage two.

→ Make single-stage calls more narrow and introduce two-stage calls where appropriate

16. EVALUATORS

Greater industry engagement (higher number of industry evaluators) in the evaluation phase should be foreseen. A new setup attracting more industry experts and not only academia, more suited to the private sector conditions should be further explored and implemented.

→ Make Horizon Europe attractive to industry evaluators