

Brussels, 21 June 2016

Orgalime's views on a European Innovation Council

EXECUTIVE SUMMARY

Orgalime believes that Europe should continue to focus on industrial leadership and its related industrial collaborative research and innovation by building on its strengths. This will contribute to companies staying competitive and in Europe.

All types of innovation should be supported, both for existing companies and for new ones.

Should an EIC be launched, we believe it could play a role in bridging the gap between collaborative industrial research and the market. Orgalime would welcome a profound discussion on what is missing and needed in terms of an environment favouring innovations and maintaining manufacturing in Europe. The EIC could be that platform.

Introduction

Orgalime thanks the European Commission for the opportunity to participate in the “call for ideas” on a possible European Innovation Council (EIC). Although we already provided feedback by answering the online questionnaire we are additionally providing further comments through this position paper.

Orgalime welcomes the idea of further supporting excellent innovation, whether disruptive or incremental, to enhance Europe and its companies' competitiveness at global level.

We also confirm that we appreciate the added value in terms of publicly co-funded research and innovation brought about with the Horizon 2020 Framework Programme. We are currently developing a position paper on Horizon 2020, in the light of our “vision paper” Technology for the World – Manufactured in Europe, which we drafted for the outset of the present Commission.

Orgalime, the European Engineering Industries Association, speaks for 41 trade federations representing the mechanical, electrical, electronic, metalworking & metal articles industries of 24 European countries. The industry employs some 10.9 million people in the EU and in 2015 accounted for more than €1,900 billion of annual output. The industry accounts for over a quarter of manufacturing output and a third of the manufactured exports of the European Union.

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1. Building on European strengths...

Orgalime believes that Europe should continue to build on its strengths in order to ensure future sustainable growth for Europe and its citizens. First among our strengths is our manufacturing industry which in our view is the backbone of the European economy with a strong tradition of delivering high quality solutions and innovations both in the EU and worldwide.

Based on official data available, we estimate that the engineering industry's total turnover value in the European Union reached more than €1900 billion in 2015. The number of employees stood at some 10.9 million people. In 2015 the estimated output of the European engineering industry grew by 1.3% and employment by 0.7%.

Orgalime is certain that focusing on Europe's core areas of strengths such as its engineering industries is bearing fruit on a macroeconomic level. Therefore Orgalime believes the European Commission should, through its programmes and through the collaboration between the academic world and companies first and foremost continue promoting the competitiveness of existing companies.

Consequently the Industrial Leadership pillar of Horizon 2020 must be kept to support European industry here, and notably through PPPs, demos and test beds facilities which have proven to be useful and effective tools to achieve this.

2. ...by supporting all types of companies

All types of companies should nevertheless continue to be supported. In the engineering industries, SMEs and larger companies work in value networks. These value networks have generated the local jobs European citizens' need and they will continue to do so, if the framework conditions are right.

Innovation happens in companies of every size (SMEs, start-ups, in mid-cap and large companies). These may not always develop the breakthroughs that hit newspaper headlines, but their innovations really contribute to making EU industry and the economy competitive.

Additionally our large companies work hand in hand with start-ups and RTOs. They have their network of smaller companies that they help reach market opportunities. Some bigger companies have their own venture capital arm which invests in start-ups that are active in promising development areas.

Moreover large and mid-cap companies in the engineering sector do not tend to keep the benefits of collaborative research to themselves. In general, the value system as a whole benefits. They have undeniably a lighthouse effect on smaller companies.

Furthermore, as such companies already have a network of customers, innovative offerings can thereby be spread across Europe more easily and quickly than for start-ups with a smaller value network.

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3. ... by supporting all types of innovations

Incremental collaborative research in Horizon 2020 should continue to be substantially funded because of its crucial importance for European manufacturing industries and the European economy as a whole.

Disruptive innovation is one way that innovations occur, with the market deciding if the innovation is disruptive or not. However, in terms of strengthening competitiveness and creating jobs, incremental collaborative industrial innovation is even more important to European manufacturing industries.

Additionally Orgalime considers that there are already tools in Horizon 2020 to stimulate potential disruptive innovation that could be further explored. These include Fast Track to Innovation (FTI), the SME instrument and the Factories of the Future I4MS-projects with its “experiments”. A greater flexibility in other Horizon 2020 calls, faster time-to-grant, preferably coupled with more insights and advice would prove useful.

Orgalime also underlines the importance of test and demonstration facilities to test ideas and inventions to identify potential innovations. Companies need them to be able to improve their products, services and processes. They help develop solutions in real time and fine-tune innovations. This is an area that needs more thoughts.

4. Advisory role for the EIC

Orgalime sees the EIC, if it is decided that it should be set up, as tasked with providing new ideas on how to bridge the gap between collaborative industrial research and the market and on how to attract research departments of global companies to Europe by offering support to demo and test facilities. That way knowledge and innovation would find a fertile ground to help maintain and develop jobs and growth in Europe.

Orgalime would welcome a platform for a profound discussion on what is missing and needed in terms of an environment favouring innovation and maintaining manufacturing in Europe. The EIC could be that platform.

In this context, Orgalime recommends that the EIC should have a significant majority of members coming from industry to ensure that the economic context is well understood, that recommendations make sense in the market: a real debate on innovation and not on inventions must be the driver.

Orgalime notes that the European Commission has already a think tank (the EPSC) and has established several groups such as the "Research, Innovation, and Science Policy Experts" high level group to give advice on research and innovation. Orgalime recommends that the EIC should, if it is set up, seek to be complementary at the level of the existing work being done.

Orgalime believes that the European Commission should ensure a political framework to favour excellence and innovation, taking all facets of the research and innovation ecosystem into account. This political role by definition is a task for the European Commission. When talking about regulation and its relevance for innovation, Orgalime has long stressed that funding alone is not the answer to stimulating innovation in the EU: the whole regulatory framework plays a major role in determining whether or not companies will invest in innovation in the EU or elsewhere.

Orgalime looks forward to discussing how to improve the overall framework to ensure that European manufacturing industries can continue to be competitive globally.

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