

## ESIA Position Paper.

*Europe needs a stronger and more effective European cross-border funding instrument to reap the full benefits of its centres of excellence.*

April 18, 2011

### **Context.**

In recent years, Member States and the European Union have taken many initiatives to boost the relevance, impact and efficiency of R&D programmes in Europe. However, in many areas the fragmentation of public research programming has been leading to sub-optimal returns at increasing cost, therefore creating obstacles for Europe's efforts to effectively move from ideas to market. With this paper, the European Semiconductor Industry Association (ESIA) points to one such area and makes suggestions to improve the situation, also building on the emphasis the EU's Innovation Union initiative has made on the need for more cross border cooperation in Europe.

ESIA sees centres of excellence as an integrated part of the European Research Area and the Framework Programme for Research and Technological Development and as a vital link to promote collaborative research which contributes to the development of the innovation-based economy and to the satisfaction of societal needs and challenges.

### **Background.**

Existing centres of excellence located in Europe are encountering specific challenges and problems due to recent evolutions within the European research and innovation policy. In the past, the European Commission directly supported the European partners willing to cooperate in nanoelectronics in accordance to their capabilities and expertise. The European Commission has made changes to its science and innovation policy, now assuming a role of coordinator and facilitator and leaving real implementation more to external organisations such as JTIs, JPIs, EIT...

For some of these external organisations the aim is to establish cross-border cooperation by setting up instruments based on co-funding schemes: schemes where the funding is partially provided by the national/regional governments and partially by the European Commission (as a proportion of the national participation), supplemented with participation of the industry. Examples of such schemes are the public-private partnerships based on the 'article 171' initiatives<sup>1</sup> (i.e. JTIs like ENIAC and ARTEMIS) or the 'article 169' initiatives<sup>2</sup> (i.e. Eureka clusters like CATRENE and ITEA2).

The initiatives taken within these co-funding schemes have proven that it is very difficult to convince Member States to support part of the costs generated outside their own borders, even if the results from the collaboration would also to a large extent flow to the participants in their country. This leads to more restricted participation in co-funding schemes by centres of excellence located in Member States in which the related industry is not strongly present or willing to participate in the project. One consequence is that other industrial partners located in Europe are not able to benefit from the work and expertise of the centres of excellence. A further one is that the concerned centres of excellence are forced to seek cooperation and funding outside the European collaboration schemes.

### **Need for a strong and effective European cross-border funding instrument.**

**Centres of excellence located in Member States or regions which do not have a specific local industry participating, are less able to participate in the European programmes. This means that the EU cannot use its full creativity and innovation potential. It is clear however that in order to**

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<sup>1</sup> Article 187 of the Treaty on the Functioning of the European Union (TFEU), ex article 171 of the Treaty establishing the European Community (TEC)

<sup>2</sup> Article 185 TFEU, ex article 169 TEC

**compete at a global level, Europe has to bring its strengths together - also and especially when located in different European Member States. This cannot be achieved without an effective European cross-border funding instrument which also ensures significant exploitation in Europe.**

3

This fact leads to a situation where the potential contributions and added-value of these centres of excellence are not rewarded by available funding in the JTIs because of non-coherent national and European funding priorities and rules. When research done in one Member State is strengthening the technology process, product generation and manufacturing in another Member State, European funding should come in as a glue in order to promote this transition from research into innovation.

For centres of excellence such as research institutes **in general** the European funded public-private partnerships are not working well - and as a consequence - Europe is not making use of the full research potential that is available. It is therefore important that the European Commission gives attention to this point when reviewing the impact of these public-private partnerships. **The present funding rules within these instruments induce inefficiencies and should be reconsidered in order to facilitate cross-order cooperation.**

A practical suggestion to solve the situation with respect to the JTIs (ENIAC and ARTEMIS) is to **reserve part of the European budget in these projects for cross-border cooperation**, by supporting those partners (academia and research institutes) that can contribute to the project but have not sufficient national / regional budgets to do so.

A more general and probably easier to implement approach could be **to provide 75% European funding for all institutes and academia** involved in these projects.

However, in order to promote the spirit of European cooperation, it may be more appropriate to restrict the 75% European funding to those institutes and academia which have industrial partners in other Member States and/or producing results that are used cross-border.

In view of the on going discussions on the Key Enabling Technologies (KETs) and the emphasis on bringing ideas to market, an appropriate European funding scheme for true cross-border collaboration which also ensures significant exploitation in Europe becomes even more important.

#### **About ESIA:**

The Mission of the European Semiconductor Industry Association (EECA-ESIA) is to *represent, promote and defend the vital interests of the European-based semiconductor industry and to ensure its competitiveness in the global market.* The semiconductor industry provides the key enabling technologies at the forefront of the development of the Information Society. The sector supports over 110,000 direct jobs and up to 500,000 induced jobs in Europe, operating in a worldwide market valued at \$298bn (Europe \$38bn) in 2010. With membership covering companies, national sector associations and research institutes, ESIA is the voice of the semiconductor industry in Europe.

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<sup>3</sup>**European cross border funding** is interpreted here as funding available for structural collaboration between centres of excellence (universities, research centres, and industry) located in different Member States or associated Member States.