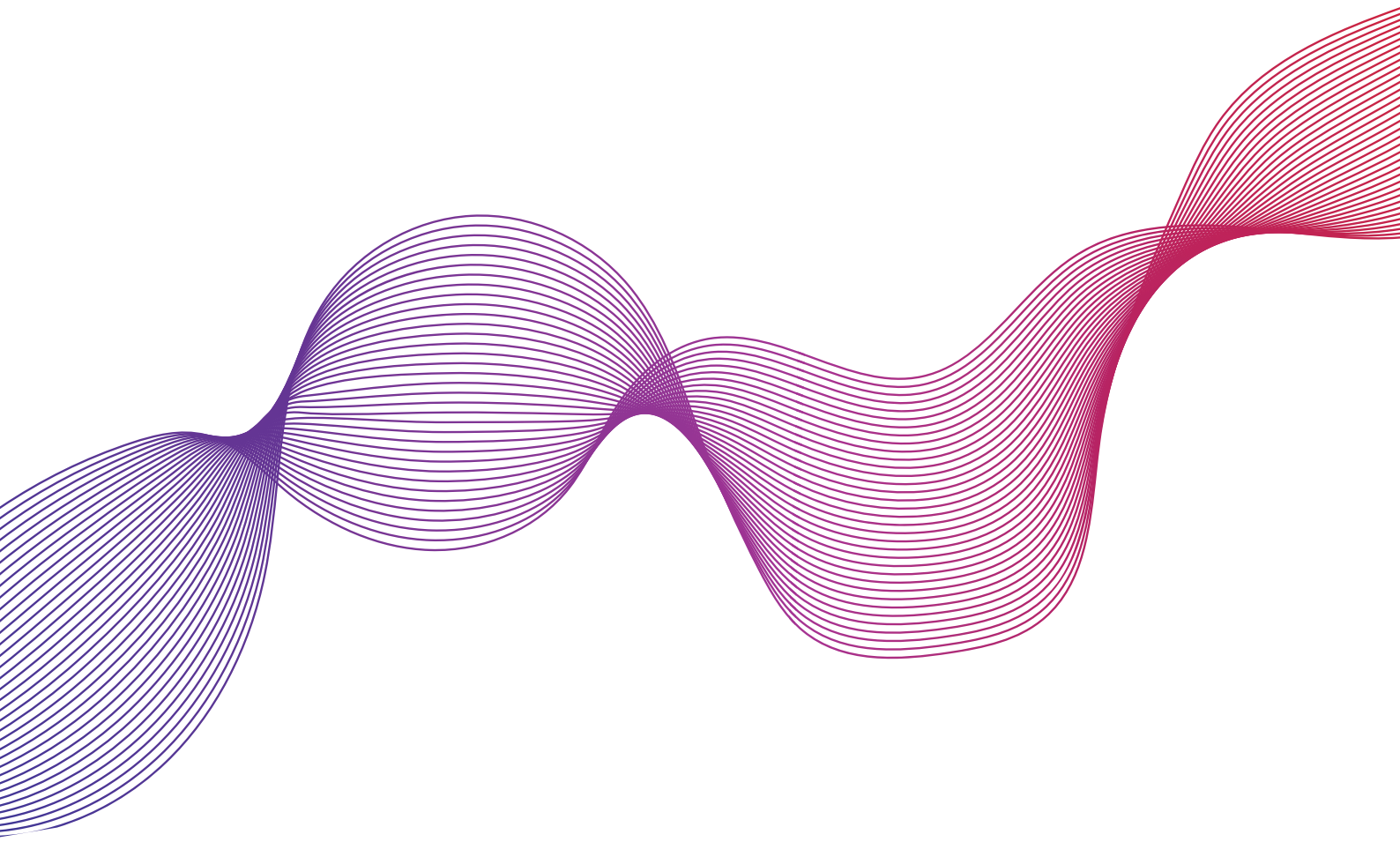
Industry input on the next Framework Programme



Teknikföretagen

Technology Industries of Finland

VDMA

Danish Industry

Industry input on the next Framework Programme

Below are recommendations for the next Framework Programme, FP10, developed by Technology Industries of Finland (TIF), Technology Industries of Sweden (Teknikföretagen), VDMA (Association of Mechanical and Plant Engineering), and the Confederation of Danish Industry (DI). FP10 will start in 2028 and is expected to have a duration of seven years (until 2034). W

Key policy recommendations

- Increase investments in research and innovation in FP10 – if directed to industrial needs
- Safeguard FP10 funding in industrial policy agenda
- Establish strong industry involvement through the PPP model
- Renew focus on collaborative research and technological development
- Design FP10 to attract future R&D investments in Europe
- Maintain the three pillars
- Create synergies between existing research programs

Increased investment needed for future European competitiveness

The world is facing multiple challenges. A changing climate, an energy crisis, wars, pandemics, and geopolitical tension are creating vast uncertainties and challenging our society. It is industry that has the potential to develop the solutions required to solve these challenges, therefore it is more important than ever to create the right conditions for industry to be competitive. Without a competitive industry in Europe, it will not be possible to create jobs and wealth and solve our common societal challenges. Investments in research and innovation will play a crucial role. Only by playing in the top league of research and innovation can we ensure that future solutions can be developed and manufactured in Europe and that Europe can compete globally. Bearing this in mind, the coming Framework Programme FP10 will be the most important R&I program in the EU's history.

The scope of the Framework Programme has been broadened significantly over the years but without an increased budget. This must change going forward. To make a significant contribution to the EU's competitiveness, green and digital transformation, and security, the next Framework Programme should be sufficiently financed and have a substantial increase in relation to FP9, if it includes significant growth in the budget for industry-relevant research.

In times of geopolitical uncertainties, increased investments in R&I are an effective way to secure the EU´s technological sovereignty (e.g., build reverse technological dependencies and globally competitive technology). The EU´s Open Strategic Autonomy and resilience must be built upon developing European technological & industrial strengths, in balance with decreasing our technological dependencies. FP 10 must contribute to making the EU an attractive place for research, innovation, and investments by industry. There should be efforts to create the right conditions for industrial production in Europe and to make sure value creation stays on the European continent. There should be a holistic approach to ensure that the knowledge created in Europe can also be converted into new products, processes, and services. This is evident in the European industrial paradigm shift, and this must be reflected in research and innovation funding and other areas. A strong innovation landscape will help to maintain and expand industrial production and value creation in Europe.

The EU's research and innovation funding should be based on open programs where research institutions, companies, and projects compete based on objective criteria and excellence. The focus of the funding should be to strengthen research across all pillars (I – III).

Safeguard FP10 funding in industrial policy agenda

It is essential to protect technology neutrality in the next Framework Programme and not see FP10 as mainly an instrument for implementing the strategic autonomy agenda of the EU. FP10 must be funded and organized as a research and innovation program with an overall focus on excellence. This is critical as we are witnessing cuts in research and innovation funding to finance other political priorities of the Commission. This also includes using innovation policy as a means to achieve EU cohesion policy objectives.

It will be critical to find the balance between policy-driven research and needs-driven science. The current Horizon Europe missions represent other policy priorities, which do not work based solely on excellence. The missions do not have an adequate R&I content – and they cannot be realized solely as R&I missions. If missions are to be relevant for securing Europe's need for new technological solutions and solving societal challenges, they need to be based on industrial needs.

In conclusion, FP10 must have an ambitious financial framework and a mandate to work with programs that are open to a wide range of topics and participants, as well as a focus on excellence and pre-competitive R&I and impact.

Establish strong industry involvement through the PPP model

To ensure industrial relevance and impact, EU R&I programs need the involvement of industry. The Private Public Partnerships model has proven its value but should be further developed and streamlined as part of FP10. We recommend an increased role for PPP models as well as funding for industry-driven initiatives. Cooperation and dialogue between industry, academia, and public actors must take place early in the process. However, it is important to simplify and streamline the different PPP models going forward. The coming program should focus on industry-driven, competition-focused, and less bureaucratic partnerships, and avoid fragmentation.

Renew focus on collaborative research and technological development

There has been a growing emphasis on supporting innovation. Although this is important, innovation development has been at the expense of the pre-competitive collaboration that is the basis for innovation at later stages and which is needed most by EU companies. FP10 needs a renewed focus on collaborative research technological development. Furthermore, FP 10 should strengthen the upstream link between basic research and applied research. This will ensure better use of basic research's scientific excellence and results for developing technological building blocks.

Design FP10 to attract future R&D investments in Europe

The current three-pillar system in Horizon Europe, with pillar one focusing on academic-driven research, pillar two on industry-driven research, and pillar three with a focus on innovation, should be kept going forward. The three pillars represent different driving forces and logic that complement each other in a well-functioning research and innovation system. But all pillars should be designed to include elements of industry involvement, to mirror that industry is key to finding the solutions needed and that the technology and manufacturing industries account for the largest share of total R&D spending in Europe.

Therefore, the EU must design the next framework program with the clear intent of getting industry to make their R&D investments in Europe. International competition for R&D investments from industry is extremely tough and many regions around the world have aggressive strategies. The research funding system must be predictable and long-term in its nature. This is needed to make sure research-intensive companies stay and develop their technologies in Europe. This will support Europe's prosperity and competitiveness.

Maintain the three pillars in FP10

Pillar I – Involve industry and research in defining strategic areas

The first pillar relies on academic-driven research. The ambition must be to maintain the highest international quality, in combination with achieving results in areas of strengths and solutions to support European competitiveness. Both research and industry should be part of defining these areas. Pillar I should include basic research as well as more applied research, with a focus on excellence in strategically important areas. This should continue to include support for excellent researchers and doctoral students as well as the infrastructure needed in the region to attract the highest quality international researchers.

Pillar II – Include industry-driven innovation programs

The second pillar of FP10 encompasses needs-driven research and development. The focus should be on companies' needs and their innovative power. FP10 should include industry-driven research & innovation programs, which are clearly orientated towards areas that are strategically important for European industry and its competitiveness. The emphasis in pillar II is on applied research with the long-term strategic needs of Europe's industry in focus.

It is crucial for both industry and research actors that research driven by industry needs in pillar II receives sufficient funding. This enables academia and industry to collaborate on strategic innovation programs. The balance and strengthening of needs-driven research, both basic and applied, is correlated to Europe's ambition in excellent science.

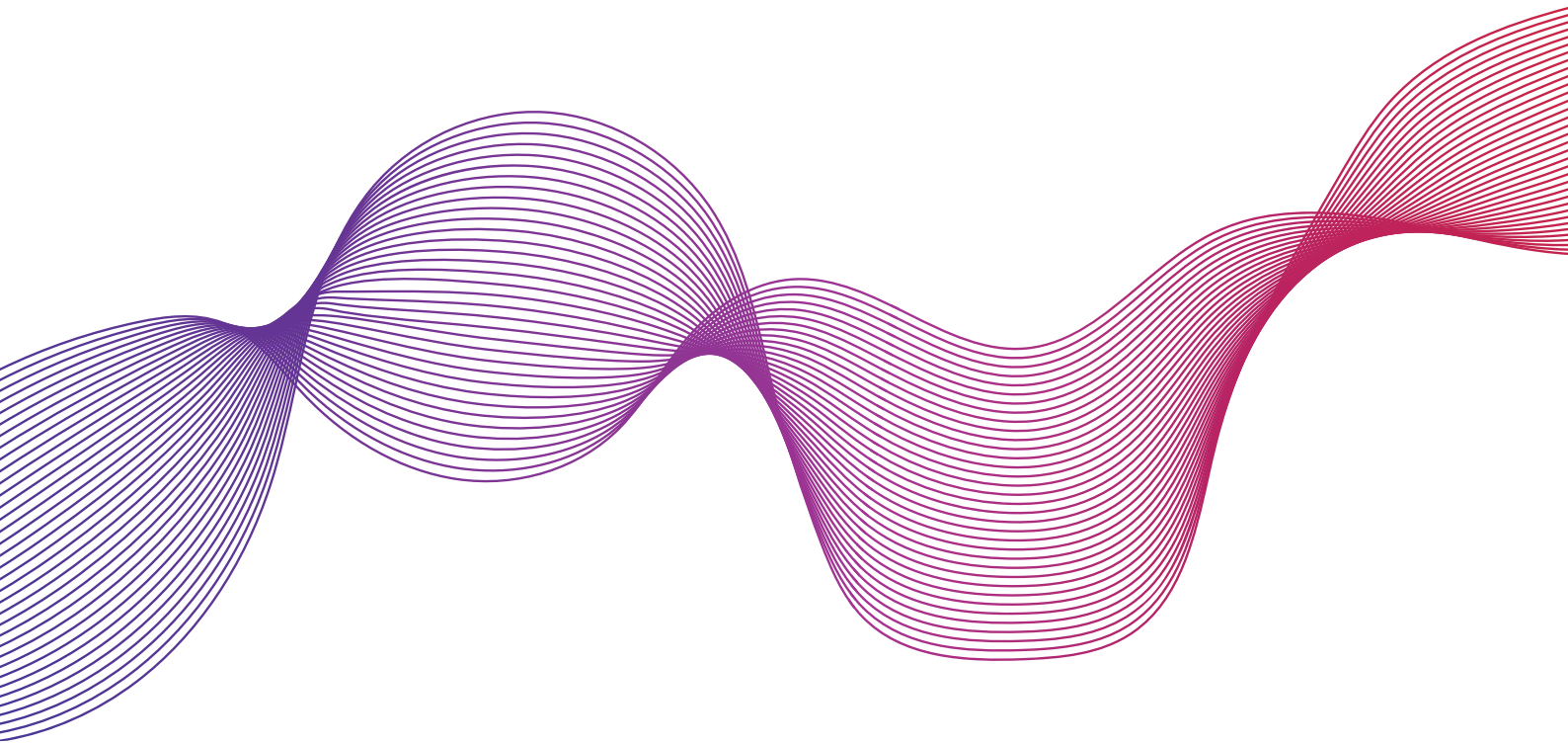
Pillar III- Scale innovations throughout the industrial system

In the third pillar for innovation, the focus is, and should be, to scale new solutions to become ready-for-market. A major challenge for European industries lies with small and medium-sized companies and their access to funding for technology scale-up. It is therefore of key importance that pillar III emphasizes the purpose of supporting the SME segment and scaling up of innovations.

At the moment, HEU Pilar III is practically focused on universities, RTO-related startups, and scale-ups. When considering the European resilience goals, participation by SMEs and mid-cap companies is important, as is collaboration with larger companies and society. Innovation projects that are closer to market introduction can be initiated for new solutions. Start-ups and spin-offs from, for example, academia and breakthrough innovations by existing companies, can be supported.

Create synergies between existing research programs

The next Framework Program needs to ensure that there are sufficient synergies with already exciting research and innovation programs, both civil and defense. This includes programs such as the Digital Europe program and programs within the European Defence Fund. The civil technology industry has taken over much of the technology development that was previously carried out by defense industries, which demands structures that ensure an adequate knowledge transfer.



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