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DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council
establishing the European Institute of Technology
(COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

Committee on Industry, Research and Energy

Rapporteur: Reino Paasilinna

Draftswoman(*):

Erna Hennicot-Schoepges, Committee on Culture and Education

(*) Enhanced cooperation between committees – Rule 47 of the Rules of
Procedure

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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(*) Enhanced cooperation between committees – Rule 47 of the Rules of Procedure

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council establishing the European Institute of Technology (COM(2006)0604 – C6-0355/2006 – 2006/0197(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2006)0604)¹,
 - having regard to Articles 251(2) and 157(3) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0355/2006),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy and the opinion of the Committee on Budgets (A6-0000/2007),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Recital 4

(4) A new initiative at Community level *thereafter* referred to as “the European Institute of Technology *Institute* (the EIT)” **is needed** to complement existing Community and national policies and initiatives by fostering the integration of the knowledge triangle - innovation, research and education - across the EU.

(4) A new initiative at Community level *hereafter* referred to as “the European Institute of Technology (the EIT)” **should be explored** to complement existing Community and national policies and initiatives by fostering the integration of the knowledge triangle - innovation, research and education - across the EU.

Justification

Several new instruments to bolster research and innovation in Europe will be launched on 1 January 2007, all of which are limited in time with a sunset clause not beyond the year 2013.

¹ Not yet published in OJ.

The possibility of complementing these instruments by way of establishing an EIT should be explored, but its success can not be taken for granted and its establishment as a permanent body must be based on a thorough evaluation of its interplay with other Community initiatives.

Amendment 2
Recital 6

(6) The EIT should have the objective of contributing to the development of the *Community* and the *Member States* innovation capacity, by **fully** involving education, research and innovation activities at the highest standards.

(6) The EIT should have the objective of contributing to the development of the *Community's* and the *Member States'* innovation capacity, by involving education, research and innovation activities at the highest standards.

Justification

Innovation should be the main focus of the EIT's activities.

Amendment 3
Recital 10

(10) There is a need to support education as an integral but often missing component of a comprehensive innovation strategy. The agreement between the EIT and KICs should provide that ***the degrees and diplomas*** awarded through the KICs ***should be EIT degrees and diplomas***. The EIT should promote the recognition of ***EIT degrees and diplomas*** in the Member States. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

(10) There is a need to support education as an integral but often missing component of a comprehensive innovation strategy. The agreement between the EIT and KICs should provide that ***EIT diplomas are*** awarded through the KICs. The EIT should promote the recognition of ***such*** EIT diplomas in the Member States. All these activities should be carried out without prejudice to Directive 2005/36/EC on the recognition of professional qualifications.

Justification

It follows from the legal base of the proposal as well as from the Member State competence in the field of higher education that the EIT should not award degrees. For the promotion of the excellence of EIT projects and of students having participated in them, an EIT diploma is appropriate, however.

Amendment 4
Recital 17

(17) The Governing Board should adopt a rolling triennial work programme that should be examined by the Commission, with regard to its complementarity with Community policies and instruments, and an annual report, including a full statement of accounts, which should be transmitted to the Commission and communicated to the European Parliament, the Council and the Court of Auditors.

(17) The Governing Board should adopt a rolling triennial work programme that should be examined by the Commission, with regard to its complementarity with Community policies and instruments, and an annual report, including a full statement of accounts, which should be transmitted to the Commission and communicated to the European Parliament, the Council and the Court of Auditors. ***The triennial work programme should be subject to the approval of the European Parliament and of the Council.***

Justification

The Council and the European Parliament should be able to supervise the EIT's activities on the strategic level.

Amendment 5
Recital 18

(18) It is appropriate that the European Parliament, the Council and the Commission should be entitled to address an opinion on the ***EIT work programme, its*** annual report, ***including*** the statement of accounts.

(18) It is appropriate that the European Parliament, the Council and the Commission should be entitled to address an opinion on the ***EIT's*** annual report ***and*** the statement of accounts.

Amendment 6
Recital 19 a (new)

(19a) Following the outcome of an external midterm review of the EIT's activities, the European Parliament and the Council should decide on the future form of the EIT.

Justification

The EIT is a new and unique structure in Community policies. Given its considerable budget and conspicuous absence from the Financial Perspectives 2007-2013, its merits, weak points, synergies and overlaps vis-à-vis other Community instruments should be thoroughly reviewed before a long-term decision on the EIT is made.

Amendment 7

Article 1

A European Institute of Technology (hereinafter referred to as "the EIT"), is established.

A European Institute of Technology (hereinafter referred to as "the EIT"), is established *for the period 1 January 2008 to 31 December 2013*.

Justification

The continuation of the EIT beyond 2013 can not be taken for granted, but depends inter alia on the outcome of the midterm evaluation. Further, it seems unreasonable that the EIT should be a permanent body when the instruments it is meant to supplement (FP7, CIP, etc) are not.

Amendment 8

Article 2, point 2

2. "Knowledge and Innovation Community" means a joint-venture of partner organisations, whatever its precise legal form, selected and designated by the EIT to carry out at the highest level **integrated** innovation, research and education activities in a specific field.

2. "Knowledge and Innovation Community" means a joint-venture of partner organisations, whatever its precise legal form, selected and designated by the EIT to carry out at the highest level **projects involving** innovation, research and education activities in a specific field.

Justification

A less strict wording is needed to give the necessary flexibility to KICs' innovative activities.

Amendment 9

Article 2, point 6 a (new)

6a. "Degree" means an academic award conferred on a student by a college, university, or professional school on completion of a programme of tertiary study.

Justification

To define clearly that the EIT is not an educational institution as such, and thereby has no powers to award formalised academic degrees, one must distinguish clearly between "degrees" which are awarded by nationally recognised educational institutions, and "EIT diplomas" which constitute an additional indication of merit that can be awarded by the EIT, but one which is meaningless without a formal "degree" issued by such educational institutions.

Amendment 10
Article 2, point 6 b (new)

6b. "EIT diploma" means an attestation of a student's association with an activity of the EIT as an integral part of his/her education at a recognised educational institution, issued at the same time as or after the successful completion of that education.

Justification

Specifies that "EIT diplomas" add merit to an academic "degree", but do not replace such degrees.

Amendment 11
Article 4, paragraph 1, point (e)

(e) mobilise the necessary funds from public and private sources and use its resources in accordance with this Regulation. It will in particular seek to raise an increasing proportion of its budget from private sources and from *its own resources*;

(e) mobilise the necessary funds from public and private sources and use its resources in accordance with this Regulation. It will in particular seek to raise an increasing proportion of its budget from private sources and from **revenue generated by the EIT's own activities, including from intellectual property rights**;

Justification

The EIT should increasingly aim to raise its own capital, either from private sources or through generating capital from its activities.

Amendment 12
Article 4, paragraph 1, point (f)

(f) promote the recognition of EIT **degrees and** diplomas in the Member States.

(f) promote the recognition of EIT diplomas in the Member States;

Justification

It follows from the legal base of the proposal as well as from the Member State competence in the field of higher education that the EIT should not award degrees.

Amendment 13
Article 4, paragraph 1, point (f a) (new)

(fa) collect and disseminate best practices in the fields of innovation and research through existing information exchange networks.

Justification

The spread of best practices on European level in the field of innovation and research will be an important task of the EIT. Existing information exchange networks, such as the network of the European Info Centres, national authorities, etc should be used.

Amendment 14
Article 5, paragraph 1, point (a)

(a) innovation activities and investments ***fully integrating*** the research and education dimensions, stimulating the dissemination and exploitation of results.

(a) innovation activities and investments ***involving*** the research and education dimensions, stimulating the dissemination and exploitation of results.

Justification

A less strict wording is needed to give the necessary flexibility to KICs' innovative activities.

Amendment 15
Article 5, paragraph 1, point (c)

(c) education and training activities ***at master and doctoral level***, including the development of innovation related skills and the improvement of managerial and entrepreneurial skills.

(c) education and training activities, including the development of innovation related skills and the improvement of managerial and entrepreneurial skills.

Justification

The KICs' education and training activities should not be limited to master and doctoral level.

Amendment 16
Article 5, paragraph 2, subparagraph 2, points (a) to (d)

(a) the current and potential innovation capacity within the partnership as well as

(a) the current and potential innovation capacity within the partnership as well as

its ***excellence in*** education and research;
(b) its capacity to achieve the goals set ***by*** the ***EIT***;
(c) financial or in kind contributions brought to the KIC;
(d) a demonstration of innovation potential, including a plan for the management of intellectual property appropriate to the sector concerned and consistent with the EIT principles and guidelines for the management of intellectual property.

its ***capacity for*** education and research;
(b) its capacity to achieve the goals set ***for*** the ***EIT's activities in this Regulation***;
(c) financial or in kind contributions brought to the KIC;
(d) a demonstration of innovation potential, including ***where appropriate*** a plan for the management of intellectual property appropriate to the sector concerned and consistent with the EIT principles and guidelines for the management of intellectual property.

Justification

(1) the evaluation of potential partners in the KICs must take their capacity for education and research into account as well as their proven track record. (2) The primary goals of the KICs should be those set out in the current regulation, not those defined by the EIT itself for itself. (3) An intellectual property management plan will not always be relevant.

Amendment 17

Article 5, paragraph 2, subparagraph 3, point (c)

(c) ***the basis on which the degrees and diplomas would be awarded including*** the arrangements to take *in* account the *Community* policy on the European Higher Education Area, ***particularly in terms of compatibility, transparency, recognition and quality of degrees and diplomas***;

(c) the arrangements to take *into* account the *Community's* policy on the European Higher Education Area;

Justification

Although importance should be given to the European dimension of the education aspects of a potential KIC in the selection procedure, the focus in the current proposal is too narrow.

Amendment 18

Article 6, paragraph 1

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and fields *under* which studies, research and innovation activities are carried out through KICs, ***degrees and diplomas awarded through KICs*** shall be ***EIT***

1. The agreement between the EIT and the KICs shall provide that, in the disciplines and fields *in* which studies, research and innovation activities are carried out through KICs, ***an EIT diploma*** shall be

degrees and diplomas.

awarded.

Justification

It follows from the legal base of the proposal as well as from the Member State competence in the field of higher education that the EIT should not award degrees. For the promotion of the excellence of EIT projects and of students having participated in them, an EIT diploma is appropriate, however.

Amendment 19
Article 6, paragraph 3

3. The Member States cooperate in recognising EIT ***degrees and*** diplomas.

3. The Member States ***shall*** cooperate in recognising ***and promoting*** EIT diplomas.

Justification

Although not a degree in itself, the EIT diploma should be a sign of excellence and Member States should strive to have it recognised as such.

Amendment 20
Article 9, paragraph 1, point (-a) (new)

(-a) build on the principles set out in Section 2 of Regulation (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013)¹

¹ OJ L 391, 30.12.2006, p. 1.

Justification

The rules on Intellectual Property should be in line with those adopted for rules for participation of undertakings, research centres and universities in actions under the 7th Research Framework Programme (2007-2013) which were already agreed by Council and Parliament.

Amendment 21

Article 9, paragraph 2, subparagraph 1 a (new)

Agreements between partner organisations concerning intellectual property shall be subject to the approval of the EIT Governing Board.

Justification

The EIT should endeavour to protect smaller players' intellectual property rights in the KIC agreements. For this reason it needs to be able to influence and approve the KIC agreements' intellectual property provisions.

Amendment 22

Article 13, paragraph 1

1. The EIT shall be financed in particular through:

- (a) contributions from ***the European Union budget***;
- (b) contributions from Member States or public authorities within them;
- (c) contributions from ***business or private organisations***;
- (d) bequests, donations and contributions from individuals, institutions foundations or any other national bodies;
- (e) revenue generated by the EIT's own activities and outcomes or capital endowments, including those managed by the EIT Foundation or from Intellectual Property Rights;
- (f) contributions from third countries and international bodies or institutions;

These may include contributions in kind.

1. The EIT shall be financed in particular through:

- (a) contributions ***from business or private organisations***;
- (b) contributions from Member States or public authorities within them;
- (c) contributions from ***the European Union budget***;
- (d) bequests, donations and contributions from individuals, institutions foundations or any other national bodies;
- (e) revenue generated by the EIT's own activities and outcomes or capital endowments, including those managed by the EIT Foundation or from Intellectual Property Rights;
- (f) contributions from third countries and international bodies or institutions;

These may include contributions in kind.

Justification

The order of financial sources should reflect the emphasis on securing private funding.

Amendment 23

Article 14, paragraph 1, point (a)

(a) a **rolling** triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. The draft work programme shall be submitted by the Governing Board to the Commission. The Commission shall deliver an opinion within three months with regard to its complementarity with Community policies and instruments. Where the Commission expresses disagreement, the Governing Board shall re-examine the programme **and adopt it with any appropriate amendments.**

(a) a triennial work programme containing a statement of its major priorities and planned initiatives including an estimate of financing needs and sources. The draft work programme shall be submitted by the Governing Board to **the European Parliament, the Council and** the Commission. The Commission shall deliver an opinion within three months with regard to its complementarity with Community policies and instruments. Where the Commission expresses disagreement, the Governing Board shall re-examine the programme. **The programme may only be finally adopted by the Governing Board following a positive assessment of the Council and the European Parliament;**

Justification

There will be two types of work programmes: A triennial indicative one, and a yearly work programme. The European Parliament and the Council should be able to supervise the EIT's activities on the strategic level, without interfering in the yearly planning.

Amendment 24

Article 14, paragraph 1, point (a a) (new)

(aa) a yearly work programme outlining in detail the activities, the planned use of resources and estimated timetable for ongoing activities.

Justification

A detailed yearly work programme covering all aspects of the EIT's activities should be adopted.

Amendment 25

Article 14, paragraph 2

2. The **rolling** triennial work programme and the annual report shall be transmitted to **the Commission, which shall communicate them to** the European Parliament, the Council and the European

2. The triennial work programme and the annual report shall be transmitted to the European Parliament, the Council, the Commission and the European Court of Auditors.

Court of Auditors.

Justification

There is no need for the Commission to act as messenger between the EIT and the relevant European institutions.

Amendment 26
Article 15, paragraph 2

2. Within five years from the date of adoption of this Regulation and every four years thereafter, the Commission shall make public an evaluation of the EIT. This shall be based on an independent external evaluation, and shall examine how the EIT fulfils its mission. It shall cover all activities of the EIT and the KICs and shall examine the effectiveness, sustainability, efficiency and relevance of the activities pursued and their relation with Community policies. It shall take into account the views of stakeholders, at both European and national level.

2. Every four years, the Commission shall make public an evaluation of **the KICs in progress in the context of** the EIT. This evaluation shall examine the effectiveness, sustainability, efficiency and relevance of the activities pursued and their relation with Community policies. It shall take into account the views of stakeholders, at both European and national level.

Justification

The EIT itself will be subject to periodic evaluations as described under point 1 of this article. The more elaborate evaluations will be termed "Reviews" and outlined in Article 20.

Amendment 27
Article 17, paragraph 1

1. The expenditure of the EIT shall include the staff, administrative, infrastructure and operational expenses.

1. The expenditure of the EIT shall include the staff, administrative, infrastructure and operational expenses. **Administrative expenditure shall be kept to a minimum and shall not in any event exceed 5% of the indicative financial envelope set out in Article 16 of this Regulation.**

Justification

The administrative expenditure should always be kept at a minimum, albeit a realistic one.

Amendment 28
Article 17, paragraph 5

5. The Governing Board shall adopt the draft estimate accompanied by the preliminary **rolling triennial** work programme, and forward them by 31 March to the Commission.

5. The Governing Board shall adopt the draft estimate accompanied by the preliminary work programme, and forward them by 31 March to the Commission.

Justification

The triennial work programmes will be adopted and communicated according to the procedure outlined in Article 14. The procedure outlined here will therefore apply only to other work programmes (i.e. yearly).

Amendment 29
Article 20

Five years after the adoption of this Regulation **and every four years thereafter**, the Commission shall report to the European Parliament and to the Council on the implementation of this Regulation and on the operation of the EIT **and shall make any appropriate proposals for the amendment of this Regulation.**

Four years after the adoption of this Regulation, the Commission shall report to the European Parliament and to the Council on the implementation of this Regulation and on the operation of the EIT. **The Commission's report shall be based on an independent external evaluation, and shall examine how the EIT fulfils its objective. It shall cover all activities of the EIT and shall examine the effectiveness, sustainability, efficiency and relevance of the activities pursued and their relation with Community policies, including synergies and overlaps with other Community instruments such as the Seventh Framework Programme on research, development and demonstration activities, the Competitiveness and Innovation Framework Programme, and the Lifelong Learning Programme.**

The Commission shall make any appropriate proposals for the amendment of this Regulation. On the basis of the external evaluation, the Commission's report and the proposed amendments to this Regulation, the European Parliament and the Council shall decide on the future form of the EIT.

The Commission **reports** shall take account

The Commission **report** shall take account

of the annual reports from the Governing Board provided for under *article* 14 and the ***external evaluations*** provided for under *article* 15.

of the annual reports from the Governing Board provided for under *Article* 14 and the ***evaluation*** provided for under *Article* 15.

Justification

Since the EIT enters into force at almost exactly the same time as the 7th RTD Framework Programme and the Competitiveness and Innovation Programme, both of which introduce new Community instruments in the field of research and innovation, a thorough midterm review of the EIT is necessary to ensure that no overlaps exist. Only then will the Parliament and Council be able to take a final decision on the EIT.

Amendment 30

Annex, article 1, paragraph 2

2. There shall be **15** appointed members. They shall have a 6-year non-renewable term of office. They shall be appointed by the Commission on the basis of proposals from an Identification Committee. This Identification Committee will be composed of 4 independent high level experts appointed by the Commission.

2. There shall be **21** appointed members. They shall have a 6-year non-renewable term of office. They shall be appointed by the Commission on the basis of proposals from an Identification Committee ***in a transparent procedure that shall include a report to the European Parliament and the Council on the selection process.*** This Identification Committee will be composed of 4 independent high level experts appointed by the Commission.

Justification

Given the envisaged broadness of the KICs' activities, 15 appointed members + the 4 representative members seems too limited a number. Also, the board selection procedure should be transparent, notably towards the European Parliament and Council.

Amendment 31

Annex, article 2, paragraph 2

2. The Governing Board shall, in particular:

(a) ***approve the EIT strategy as enshrined in its triennial rolling work programme, its budget, its annual accounts and balance-sheet and its annual activity report on the basis of a proposal from the Director;***

2. The Governing Board shall, in particular:

(a) ***define the fields in which to establish the KICs;***

(b) *define the fields in which to establish the KICs;*

(c) adopt rigorous, transparent and user-friendly procedures for selection of KICs; these procedures shall include external expert evaluation and shall cover the relations between the EIT and the KICs;

(d) select and designate a partnership as a KIC or withdraw the designation if necessary;

(e) ensure continuing evaluation of the activities of KICs;

(f) adopt its rules of procedure, and those for the Executive and Audit Committees;

(g) shall define, with the Commission's agreement, appropriate honoraria for members of the Governing Board and of the Executive and Audit Committees; these honoraria shall be benchmarked against similar provision in the Member States;

(h) adopt a procedure for choosing the Executive Committee, the Audit Committee and the Director;

(i) appoint the Director, the Accounting Officer, and the members of the Executive Committee and the Audit Committee;

(j) establish where appropriate advisory groups which may have a defined duration;

(k) promote the EIT globally, so as to raise its attractiveness and make it an "international player" for excellence in **education**, research and **innovation**;

(l) adopt a code of good conduct regarding conflicts of interest;

(m) define principles and guidelines for the management of intellectual property rights.

(b) *approve the EIT strategy as enshrined in its triennial rolling work programme, its budget, its annual accounts and balance-sheet and its annual activity report on the basis of a proposal from the Director;*

(c) adopt rigorous, transparent and user-friendly procedures for selection of KICs; these procedures shall include external expert evaluation and shall cover the relations between the EIT and the KICs;

(d) select and designate a partnership as a KIC or withdraw the designation if necessary;

(e) ensure continuing evaluation of the activities of KICs;

(f) adopt its rules of procedure, and those for the Executive and Audit Committees;

(g) shall define, with the Commission's agreement, appropriate honoraria for members of the Governing Board and of the Executive and Audit Committees; these honoraria shall be benchmarked against similar provision in the Member States;

(h) adopt a procedure for choosing the Executive Committee, the Audit Committee and the Director;

(i) appoint the Director, the Accounting Officer, and the members of the Executive Committee and the Audit Committee;

(j) establish where appropriate advisory groups which may have a defined duration;

(k) promote the EIT globally, so as to raise its attractiveness and make it an "international player" for excellence in **innovation**, research and **education**;

(l) adopt a code of good conduct regarding conflicts of interest;

(m) define principles and guidelines for the management of intellectual property rights;

(ma) approve the agreements on intellectual property made among the KIC participants.

Justification

(1) The most important task for the Governing Board is to define the priority fields in which to establish KICs. (2) Innovation should always be highlighted as the main activity for the EIT. (3) The Governing Board must act as the guarantor of fairness in all intellectual property provisions under KIC activities to safeguard especially smaller participants.

Amendment 32

Annex, article 6, paragraph 1

1. The Audit Committee shall consist of 5 persons appointed for a period of 4 years by the Governing Board after consultation of the Commission from external advisors with appropriate expertise in the audit and financial control of academic, research and business organisations.

1. The Audit Committee shall consist of 5 persons appointed for a **maximum** period of 4 years by the Governing Board after consultation of the Commission from external advisors with appropriate expertise in the audit and financial control of academic, research and business organisations.

Justification

Some flexibility in the nominations of the members of the Audit Committee should be allowed.

EXPLANATORY STATEMENT

Introduction

The idea of a European Institute of Technology (EIT) stems from the 2005 mid-term review of the Lisbon strategy. The first Commission Communication of 22 February 2006 "Implementing the renewed partnership for growth and jobs. Developing a knowledge flagship: The European Institute of Technology" (COM(2006)0077) defined only the broad elements of the proposed EIT, some of which were further elaborated in the later Communication "The European Institute of Technology: further steps towards its creation" (COM(2006)0276).

The legislative proposal (COM(2006) 604 final/2) was published on 13 November 2006.

The European Parliament in its Annual Policy Strategy 2007 Resolution (A6-0154/2006) expressed scepticism towards the EIT, stressing the danger that the EIT will merely overlap or undermine existing structures and fearing that the EIT will prejudice the already limited resources allocated to research and innovation.

The *European Council* expressed support for the EIT in its meeting of 14-15 December 2006: "The Council and the European Parliament should, after having carried out a thorough examination of the Commission's proposal, move swiftly to adopt, in 2007, a decision to set up the European Institute of Technology."

Your rapporteur believes firmly in the idea of better coordination of research, innovation and education efforts in the Community, in the importance of creating public-private partnerships in R&D including in basic research, and in facilitating the access of SMEs to new knowledge. However, he is also concerned with the somewhat hasty way in which an idea of such long-term consequence is being presented - doubly so when it comes at a time when several other new policy instruments addressing the same problems are in the earliest phases of their implementation. At least five different Commission directorate-generals (RTD, ENTR, REGIO, EAC, INFSO) are currently managing initiatives to support research and innovation.

Given the right form, the EIT may prove useful in the Community's research and innovation activities, but its whole *raison-d'être* depends on a number of points not yet sufficiently clarified, the most important of which are addressed below.

Structure and accountability

The Commission has proposed two entities to form the basic structure of the EIT:

- The Governing Board
- The Knowledge and Innovation Communities

The Commission envisages a small Governing Board appointed by the Commission on the

basis of proposals from an Identification Committee. Appointment will balance representation of academic/research and business experience. The appointed members will have a time-limited mandate and will be replaced on a rolling basis. The Governing Board will take the horizontal and strategic decisions on the EIT's activities: identifying the strategic fields and main thematic research areas, establishing "Knowledge and Innovation Communities" (KICs); selecting, monitoring and evaluating the consortia to operate these KICs; and coordinate the different KIC activities.

The KICs are thought to be partnerships where teams from universities, research organisations and industry would work together to address a strategically important topic in an interdisciplinary field, and they will perform all operational activities of the EIT.

The selection of proposals for KICs would be based on open and transparent competitions.

Your rapporteur welcomes the Commission's overall view on the structure of the EIT, although he also finds it incomplete for the following reasons.

One main problem lies in the selection process of the Governing Board and the accountability of the EIT. Firstly, the selection procedure for the Governing Board should be more transparent, notably towards the European Parliament and the Council. This is not to say that the European Parliament and the Council should select the members of the identification committee or indeed the members of the Governing Board itself, but merely it must be secured that the procedure is a transparent one and one where the Commission reports appropriately to the other institutions. Furthermore, the Commission's proposal only foresees consultation of the Commission in determining the strategic priorities of the EIT. Here clearly the European Parliament and the Council should be enabled to endorse these priorities prior to their final adoption.

Funding

The level of R&D funding in the EU lags behind our main competitors. Research & Development intensity (i.e. expenditure as a percentage of GDP) in the EU25 stood at 1.92% in 2003 while it was 2.59% in the United States and 3.15% in Japan. Only two Member States, Sweden and Finland, have met the Barcelona target of spending 3% of GDP on R&D and innovation. It should also be recalled that the financial attribution to the 7th Research Framework Programme (FP7) was reduced by 30% vis-à-vis the Commission's proposal following the agreement on the Financial Perspectives 2007-2013. The budget for the Competitiveness and Innovation Programme (CIP) was similarly reduced by 24%.

Taking into account the lack of R&D funding in the EU, it should be ensured that the EIT does not drain resources from existing Community activities in the field. The Community core funding for the EIT should be added as a topping-up to the existing Financial Perspectives and additional funding should be obtained from different sources, including community, national, regional and private sources.

In order to become a "flagship" of European innovation, the EIT must be able secure a significant amount of private funding. The ability to raise its own funding, be it from external sources or from revenues of its own activities (including management of intellectual property rights (IPR) which the proposal foresees the EIT will accumulate over time) will be the very

raison d'être of the EIT.

Your rapporteur welcomes the Commission's suggestion that a large share of the EIT's income should come from its earnings through contracts for research and education. This is an area where Europe is clearly lagging behind the US where universities and research institutions are much better in capitalising their knowledge. This, however, may also have to do with other factors such as European Universities' general lack of experience and initiative in the IPR field, limitations on university staff as regards external activities, and the lack of established bonds between the public and the private sector - neither of which the EIT will bring an immediate solution to. Here too, it must be considered whether the JTIs under FP7 do not provide a better solution, and care must be taken to avoid overlaps between FP7 and EIT activities.

The Knowledge Triangle

The Commission has suggested that the activities of the EIT would include all three parts of the knowledge triangle: innovation, research and education.

While acknowledging the importance of all three elements, your rapporteur strongly believes that the main task of the EIT will be to promote innovation. Consequently, the research tasks of the EIT would concentrate on innovation creation rather than on basic research.

It would be advisable for the EIT to reflect the research themes of the FP7, European Technology Platforms and JTIs, and overall to have a close co-operation with the European Research Council (ERC).

Your rapporteur remains unconvinced that a strong education element in the EIT would bring added value to the European Research Area, especially since the responsibility for higher education rests with the Member States. In fact, it would seem that the legal basis of the proposal itself excludes the possibility for the EIT to play the role of an educational institution and actually award degrees. Rather the EIT should develop a brand or label - an 'EIT diploma' - which will supplement and add value to the formalised academic degrees awarded by the educational institutions participating in the KICs.

Risks of overlap and justification for an EIT

The function of the EIT must be seen as complementary to the other Community initiatives on research and innovation, mainly FP7 and CIP.

The innovation part of the CIP programme logically focuses on transforming research results into commercial innovations, which benefit European business, industry and competitiveness with a special focus on SMEs. In this context it is difficult to see a possible complementary role for the EIT.

Your rapporteur would support almost any Community effort which assigns additional resources to innovation, research and education, but would be surprised to see such funds committed to activities overlapping those reduced by the European Council in the agreement on the Financial Perspectives.

Like the proposed EIT, FP7 also identifies research areas of strategic priority, facilitates public-private partnerships (mainly through the Joint Technology Initiatives (JTIs)), and establishes a new permanent institution to oversee decisions on research funding, namely the European Research Council (ERC).

As regards the bottom-up approach under the EIT whereby private companies can address the EIT with project proposals which will then be decided upon top-down by the EIT Governing Board, a similar structure already exists under FP7 in the form of Integrated Projects and JTIs, and many Member States can also testify to the existence of such cooperation at regional level. While there is a real need for additional partnerships of this type at European level, it has not been adequately justified that the proposed EIT would be the best way to address this.

It should also be recalled that many Member States have well functioning innovation agencies at national level, which have well established practises in bringing together industry and research institutions. An important role of an EIT would be to examine best practises from different countries and possibly at a later stage provide a permanent platform for exchange of experience for Member States' national programmes, research foundations and agencies.

A new body on Community level may add value to existing initiatives, but this can only be established once an evaluation of a pilot project has shown that the EIT concept provides added value for Europe - both in terms of innovation and competitiveness and for the European Research Area. Only after a thorough review of a "pilot" EIT, based on an independent external evaluation, can it be decided whether the EIT should be established as a permanent community body or if Europe would be better served by directing the funds to other Community innovation and R&D activities.