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DRAFT REPORT

on the proposal for a Council regulation on the Fuel Cells and Hydrogen 2
Joint Undertaking
(COM(2013)0506 – C7-0256/2013 – 2013/0245(NLE))

Committee on Industry, Research and Energy

Rapporteur: Vladko Todorov Panayotov

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

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

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ■ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council regulation on the Fuel Cells and Hydrogen 2 Joint Undertaking
(COM(2013)0506 – C7-0256/2013 – 2013/0245(NLE))**

(Consultation)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2013)0506),
 - having regard to Article 187 and Article 188, first paragraph, of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C7-0256/2013),
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy (A7-0000/2013),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;
 3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;
 5. Instructs its President to forward its position to the Council and the Commission.

Amendment 1

Proposal for a Regulation

Recital 4

Text proposed by the Commission

(4) Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020)¹¹ aims to achieve a greater impact on research and innovation

Amendment

(4) Regulation (EU) No .../2013 of the European Parliament and of the Council¹¹ (***the Horizon 2020 Framework Programme***) aims to achieve a greater impact on research and innovation by combining ***funding under the*** Horizon

by combining Horizon 2020 Framework Programme and private sector funds in public-private partnerships in key areas where research and innovation can contribute to Union's wider competitiveness goals and help tackle societal challenges. The involvement of the Union in those partnerships may take the form of financial contributions to joint undertakings established on the basis of Article 187 of the Treaty under Decision No 1982/2006/EC.

2020 Framework Programme and private sector funds in public-private partnerships in key areas where research and innovation can contribute to *the* Union's wider competitiveness goals, *leverage private investments more effectively*, and help tackle societal challenges. *Those partnerships should be based on a long-term commitment, including a balanced contribution from all partners, be accountable for the achievement of their targets and be aligned with the Union's strategic goals related to research, development and innovation. The governance and functioning of those partnerships should be open, transparent, effective and efficient and should give an equal opportunity to all stakeholders active in the specific areas of those partnerships to participate.* The involvement of the Union in those partnerships may take the form of financial contributions to joint undertakings established on the basis of Article 187 of the Treaty *on the Functioning of the European Union (TFEU)* under Decision No 1982/2006/EC.

¹¹ OJ ... [H2020 FP]

¹¹ *Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision 1982/2006/EC (OJ L ...).*

Or. en

Amendment 2

Proposal for a Regulation

Recital 5

Text proposed by the Commission

(5) In accordance with Decision (EU) No

Amendment

(5) In accordance with *the Horizon 2020*

*[...]/2013 of the Council of [...] 2013 establishing the Specific Programme implementing Horizon 2020 (2014-2020)*¹² further support should be provided to joint undertakings established under Decision (EU) No 1982/2006/EC under the conditions specified in Decision (EU) No [...]/2013.

¹² OJ ... [H2020 SP].

*Framework Programme and Decision (EU) No .../2013 of the Council*¹² further support should be provided to joint undertakings established under Decision (EU) No 1982/2006/EC under the conditions specified in *the Horizon 2020 Framework Programme and in Decision (EU) No .../2013 in particular Article 25 of the Horizon 2020 Framework Programme and in full respect of the general principles laid down in that Programme, in particular the principles on gender equality and open access.*

¹² *Decision (EU) No .../2013 of the Council of ... 2013 establishing the Specific Programme implementing Horizon 2020 (2014-2020)* OJ L... .

Or. en

Amendment 3

Proposal for a Regulation Recital 7

Text proposed by the Commission

(7) Continued support for the Fuel Cells and Hydrogen research programme should also take into account the experience acquired from the operations of the Fuel Cells and Hydrogen Joint Undertaking including the results of its first interim evaluation, the results of stakeholders' recommendations¹⁵, and be implemented using a more fit-for-purpose structure and rules in order to enhance efficiency and to ensure simplification. To this effect, the Fuel Cells and Hydrogen 2 Joint Undertaking should adopt financial rules specific to its needs in accordance with Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and the Council of 25 October

Amendment

(7) The experience acquired from the operation of the FCH Joint Undertaking as a Union body under Article 185 of Council Regulation (EC, Euratom) No 1605/2002^{15a} shows that the current framework of operation is sufficiently flexible and adapted to the needs of the Joint Undertaking. The Fuel Cells and Hydrogen 2 Joint Undertaking should operate in accordance with Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and Council¹⁶ and should adopt financial rules which should not depart from that Regulation except where its specific needs so require and with the Commission's prior consent as is currently the case.

2012 on the financial rules applicable to the general budget of the Union¹⁶.

15. 'Trends in investments, jobs and turnover in the Fuel cells and Hydrogen sector' – results of stakeholders' consultation: <http://www.fch-ju.eu/page/publications>

¹⁶ OJ L 298, 26.10.2012, p. 84.

^{15a} Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1).

¹⁶ Regulation (EU, Euratom) No 966/2012 of the European Parliament and Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 84).

Or. en

Amendment 4

Proposal for a Regulation Recital 9 a (new)

Text proposed by the Commission

Amendment

(9a) Contributions of Members of the Fuel Cells and Hydrogen 2 Joint Undertaking other than the Union may also include in-kind contributions. When using the in-kind contributions, particular attention should be paid to transparency and simplification of their use, as well as to their compliance with other applicable rules and procedures. This Regulation should therefore, inter alia, state the amount of the different types of in-kind contributions of the Members of the Fuel Cells and Hydrogen 2 Joint Undertaking other than the Union in the activities of

the Joint Undertaking, as well as how to implement in practice the annual reporting and monitoring requirements of in-kind contributions which may not necessarily be in line with the projects' reporting periods or with the simplification measures envisaged under the Horizon 2020 Framework Programme.

Or. en

Amendment 5

Proposal for a Regulation Recital 9 b (new)

Text proposed by the Commission

Amendment

(9b) This Regulation should provide a more cost-efficient way to implement the provisions of Article 4 with the objective of reducing the administrative burden on the Joint Undertaking and its Members. Article 4 of and Clause 13 of the Statutes contained in the Annex to this Regulation should clearly provide for the amounts of the contributions of the Industry Grouping and the Research Grouping and their constituents to the operational costs, to the in-kind contributions of the projects and to the additional activities, as well as for the contribution of other participants of the in-kind contributions of the projects and to the additional activities.

Or. en

Amendment 6

Proposal for a Regulation Recital 19

Text proposed by the Commission

(19) In accordance with Article 287(1) of *the Treaty, the constituent instrument of bodies, offices or agencies set up by the Union may preclude the examination of the accounts of all revenue and expenditure of those bodies, offices or agencies by the Court of Auditors. In accordance with Article 60(5) of Regulation (EU, Euratom) No 966/2012, the accounts of the bodies under Article 209 Regulation (EU, Euratom) No 966/2012 are to be examined by an independent audit body* which is to give an opinion inter alia on the reliability of the accounts and the legality and regularity of the underlying transactions. *Avoidance of duplication of the examination of the accounts justifies that the accounts of the Fuel Cells and Hydrogen 2 Joint Undertaking should not be subject to the examination by the Court of Auditors.*

Amendment

(19) In accordance with Article 287 *TFEU*, the accounts of the bodies under Article 208 Regulation (EU, Euratom) No 966/2012 are to be examined by *the Court of Auditors* which is to give an opinion inter alia on the reliability of the accounts and the legality and regularity of the underlying transactions.

Or. en

Amendment 7

Proposal for a Regulation Recital 19 a (new)

Text proposed by the Commission

(19a) The Fuel Cells and Hydrogen 2 Joint Undertaking should be subject to an in-depth interim assessment in accordance with Article 32 of the Horizon 2020 Framework Programme, which should include, inter alia, an analysis of its openness, transparency, effectiveness and efficiency.

Amendment

Or. en

Amendment 8

Proposal for a Regulation Article 1 – paragraph 3

Text proposed by the Commission

3. The FCH 2 Joint Undertaking shall constitute a body ***entrusted with the implementation of a public-private partnership*** referred to in Article **209** of Regulation (EU, Euratom) No 966/2012 ***of the European Parliament and the Council***¹⁹.

¹⁹ OJ L 298, 26.10.2012, p. 1.

Amendment

3. The FCH 2 Joint Undertaking shall constitute a body referred to in Article **208** of Regulation (EU, Euratom) No 966/2012.

Or. en

Amendment 9

Proposal for a Regulation Article 2 – paragraph 1 – point a

Text proposed by the Commission

(a) to contribute to the implementation of ***Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing*** the Horizon 2020 Framework Programme, and in particular ***part ... of Decision No .../2013/EU of the Council of ... 2013 establishing the Horizon 2020 Specific Programme;***

Amendment

(a) to contribute to the implementation of the Horizon 2020 Framework Programme, and in particular ***at least three of the specific objectives under its the "Societal Challenge" priority***, of Decision No .../2013/EU [the Horizon 2020 Specific Programme];

Or. en

Amendment 10

Proposal for a Regulation Article 2 – paragraph 2 – indent 3

Text proposed by the Commission

– increase the energy efficiency of production of hydrogen from water electrolysis while reducing capital costs, so that the combination of the hydrogen and the fuel cell system is competitive with the alternatives available in the marketplace, **and**

Amendment

– increase the energy efficiency of production of hydrogen from water electrolysis **and from renewable energy sources** while reducing capital **and operational** costs, so that the combination of the hydrogen and the fuel cell system is competitive with the alternatives available in the marketplace,

Or. en

Amendment 11

Proposal for a Regulation

Article 2 – paragraph 2 – indent 4 a (new)

Text proposed by the Commission

Amendment

– **strengthen the connection between demonstration projects and results and translation of those research results into pilot applications and attractive market solutions, i.e. shorten the path between demonstration and commercialisation of those technologies,**

Or. en

Amendment 12

Proposal for a Regulation

Article 2 – paragraph 2 – indent 4 b (new)

Text proposed by the Commission

Amendment

– **contribute to developing denser infrastructure and to increasing public awareness and acceptance by transferring the knowhow and expertise of the stronger performing Member States to the weaker performing Member States by way**

*of demonstrations and pilot projects and
by West–East centres,*

Or. en

Amendment 13

Proposal for a Regulation

Article 2 – paragraph 2 – indent 4 c (new)

Text proposed by the Commission

Amendment

- support development of advanced technologies for recovery of metals, critical for the development and deployment of FCH technologies from Union sources, including technological by-products and waste, and

Or. en

Amendment 14

Proposal for a Regulation

Article 2 – paragraph 2 – indent 4 d (new)

Text proposed by the Commission

Amendment

- reduce the use of the so-called "critical raw materials", as defined by the Commission, by identifying relevant substitutes where technically feasible and economically justifiable.

Or. en

Amendment 15

Proposal for a Regulation

Article 3 – paragraph 1 – subparagraph 2

Text proposed by the Commission

The contribution shall be paid from the appropriations in the general budget of the Union allocated to **the Horizon 2020 Specific Programme implementing the Horizon 2020 Framework Programme** in accordance with the relevant provisions of Article 58(1)(c)(iv) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012 for bodies referred to in Article **209** of that Regulation.

Amendment

The contribution shall be paid from the appropriations in the general budget of the Union allocated to **Decision No .../2013/EU[the Horizon 2020 Specific Programme]** in accordance with the relevant provisions of Article 58(1)(c)(iv) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012 for bodies referred to in Article **208** of that Regulation.

Or. en

Amendment 16

**Proposal for a Regulation
Article 5 – paragraph 1**

Text proposed by the Commission

The FCH 2 Joint Undertaking shall adopt its specific financial rules in accordance with Article **209** of Regulation (EU, Euratom) No 966/2012 and Regulation (EU) No ... **[Delegated Regulation on the model Financial Regulation for PPPs.]**

Amendment

The FCH 2 Joint Undertaking shall adopt its specific financial rules in accordance with Article **208** of Regulation (EU, Euratom) No 966/2012 and **Commission Delegated Regulation (EU) No ...^{19a}**

^{19a} Commission Delegated Regulation (EU) No .../... [on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (C(2013)06287 – 2013/2864(DEA))](OJ L...].

Or. en

Amendment 17

Proposal for a Regulation Article 12 – paragraph 1

Text proposed by the Commission

1. The discharge of the budget implementation with regard to the Union contribution to the FCH 2 Joint Undertaking shall be ***part of the discharge*** given by the European Parliament, upon recommendation of the Council, ***to the Commission*** in accordance with ***the*** procedure provided for ***in Article 319*** of the ***Treaty***.

Amendment

1. The discharge of the budget implementation with regard to the Union contribution to the FCH 2 Joint Undertaking shall be given by the European Parliament, upon recommendation of the Council, in accordance with ***a*** procedure provided for ***by the financial rules*** of the ***FCH 2 Joint Undertaking***.

Or. en

Amendment 18

Proposal for a Regulation Article 12 – paragraph 2

Text proposed by the Commission

2. The FCH 2 Joint Undertaking shall fully cooperate with the institutions involved in the discharge procedure and provide, as appropriate, any necessary additional information. ***In this context, it may be requested to be represented in meetings with the relevant institutions or bodies and assist the Commission authorising officer by delegation.***

Amendment

2. The FCH 2 Joint Undertaking shall fully cooperate with the institutions involved in the discharge procedure and provide, as appropriate, any necessary additional information.

Or. en

Amendment 19

Proposal for a Regulation Article 14 – paragraph 2

2. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No **1073/1999** of the European Parliament and of the Council **of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)**²¹ and Council Regulation (Euratom, EC) No 2185/96 **of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities**²² with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with an agreement or decision or a contract funded under this Regulation.

²¹ OJ L 136, 31.05.1999, p.1

²² OJ L 292, 15.11.1996, p.2-5

2. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No **883/2013** of the European Parliament and of the Council ²¹ and Council Regulation (Euratom, EC) No 2185/96²² with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with an agreement or decision or a contract funded under this Regulation.

²¹ **Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999** (OJ L 248, 18.9.2013, p. 1).

²² **Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities** (OJ L 292, 15.11.1996, p. 2).

Or. en

Amendment 20

Proposal for a Regulation Article 14 – paragraph 5

Text proposed by the Commission

5. The FCH 2 Joint Undertaking shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by OLAF²³. The FCH 2 Joint Undertaking shall adopt the necessary measures needed to facilitate internal investigations conducted by OLAF.

²³ OJ L 136, 31.5.1999, p. 15

Amendment

5. The FCH 2 Joint Undertaking shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by OLAF²³. The FCH 2 Joint Undertaking shall adopt the necessary measures needed to facilitate internal investigations conducted by OLAF.

²³ OJ L 248, 18.9.2013, p.1

Or. en

Amendment 21

Proposal for a Regulation Annex – clause 7 – point 2 – point c

Text proposed by the Commission

(c) adopt the annual budget of the FCH 2 Joint Undertaking, including the staff establishment plan indicating the number of temporary posts by function group and by grade as well as the number of contract staff and seconded national experts expressed in full-time equivalents;

Amendment

(c) adopt the annual budget of the FCH 2 Joint Undertaking, ***before it is recommended by the Council to the European Parliament for implementation with regard to the Union contribution to the FCH 2 Joint Undertaking***, including the staff establishment plan indicating the number of temporary posts by function group and by grade as well as the number of contract staff and seconded national experts expressed in full-time equivalents;

Or. en

Amendment 22

Proposal for a Regulation

Annex – clause 11 – point 3 – point d – introductory part

Text proposed by the Commission

(d) annual work plans;

Amendment

(d) annual work plans **and the corresponding expenditure estimates, including in-kind contributions;**

Or. en

Amendment 23

Proposal for a Regulation

Annex – clause 13 – point 3 – point b

Text proposed by the Commission

(b) in-kind contributions by the constituent entities of the Members other than the Union participating in the indirect actions, consisting of the costs incurred by them in implementing indirect actions less the contribution of the FCH 2 Joint Undertaking and any other Union contribution to those costs.

Amendment

(b) **clearly defined** in-kind contributions, **amounting at least up to the level of the Union financial contribution**, by the constituent entities of the Members other than the Union participating in the indirect actions, consisting of the costs incurred by them in implementing indirect actions less the contribution of the FCH 2 Joint Undertaking and any other Union contribution to those costs.

Or. en

Amendment 24

Proposal for a Regulation

Annex – clause 16 – point 4

Text proposed by the Commission

4. The annual budget for a particular year shall be adopted by the Governing Board by the end of the previous year.

Amendment

4. The annual budget for a particular year shall be adopted by the Governing Board **and shall be recommended via the Council to the European Parliament for implementation with regard to the Union**

contribution to the FCH 2 Joint Undertaking by the end of the previous year.

Or. en

Amendment 25

Proposal for a Regulation Annex – clause 17 – point 3

Text proposed by the Commission

Amendment

3. The FCH 2 Joint Undertaking shall report annually to the Commission in accordance with Article 60(5) of Regulation (EU, Euratom) No 966/2012.

deleted

Or. en

Amendment 26

Proposal for a Regulation Annex – clause 17 – point 4 – paragraph 1

Text proposed by the Commission

Amendment

4. The accounts of the FCH 2 Joint Undertaking shall be examined by an independent audit body as laid down in Article 60(5) of Regulation (EU, Euratom) No 966/2012.

deleted

Or. en

Amendment 27

Proposal for a Regulation Annex – clause 17 – point 4 – paragraph 2

Text proposed by the Commission

The accounts of the FCH 2 Joint Undertaking shall **not** be subject to examination by the Court of Auditors.

Amendment

The accounts of the FCH 2 Joint Undertaking shall be subject to examination by the Court of Auditors.

Or. en

EXPLANATORY STATEMENT

Introduction

The Rapporteur welcomes the Commission proposal for a Council regulation on the "Fuel Cells and Hydrogen 2 Joint Undertaking" (hereafter *FCH 2 JU*) as an important instrument of the Innovation Investment Package under Horizon 2020 to help tackle major societal challenges facing Europe. The Commission proposal provides for a prolongation of the FCH 1 JU, launched under the Seventh Framework Program, for a further period of 10 years. Since its establishment, the FCH JU has demonstrated the potential of hydrogen as an efficient energy carrier, and the possibilities that fuel cells as energy converters can offer to Europe to enhance energy security, reduce harmful emissions and stimulate sustainable long-term growth.

The interim evaluation of the FCH JU carried out in 2011 by the European Commission has demonstrated that the FCH JU has successfully served so far as a platform for creating a solid partnership, for leveraging more efficiently public and private funding and for strengthening the involvement of industry, in particular SMEs, in the development of FCH technologies. The Rapporteur acknowledges the strong technical progress and operational achievements of the first FCH JU programme as well as the solid record of the FCH JU in implementing the EU budget in a sound, effective and efficient way, and thus recommends that this positive and constructive experience is continued with the approval of the Commission proposal for a Council Regulation on the FCH 2 JU.

Fuel Cells and Hydrogen Technologies: Opportunities and Challenges for Europe

Hydrogen is an energy carrier, which can be used as a clean fuel, and it is virtually limitless. Hydrogen and its various applications have the potential to bring core solutions to major societal challenges for the EU from energy security and climate change to industrial competitiveness, innovation and smart growth. Fuel cells can serve as an efficient conversion technology with many benefits for both the transport and energy sector. The successful development and deployment of FCH technologies can further provide alternatives to fossil fuels and enhance EU energy security by reducing dependence on imports of energy in the long run. Hydrogen produced from renewable energy sources, and water electrolysis coupled with fuel cell systems can play an important part of the future energy mix of Europe and can offer competitive solutions, both local and regional, for reaching smart and inclusive growth. Developing a denser infrastructure system across the EU will further make it possible to use hydrogen more efficiently within transport as well as within other sectors of the economy, and at the same time will raise public awareness of the potential benefits FCH technologies can offer to EU citizens. The FCH JU's objectives and activities in these areas as proposed by the Commission are well targeted to address these challenges and in line with EU priorities linked to the Europe 2020 agenda, the SET Plan, the 2050 Energy Roadmap and Resource Efficient Europe among others.

The successful and sustainable development and large-scale deployment of FCH technologies will depend largely upon the availability of some critical raw materials, such as rare earths, platinum group metals and high-tech metals (for example indium and gallium). Scarcity of these materials in the future can turn into a bottleneck to the development of FCH

technologies. Therefore, the FCH 2 JU objectives should also integrate and foster R&D&I strategies targeted towards finding relevant substitutes and alternative materials where possible, as well as towards developing advanced technologies for effective recovery of those metals from European sources (including technological by-products and waste). The Rapporteur recommends these potential bottlenecks to be taken into account when setting up the long term vision for FCH technologies' deployment to ensure that FCH can be truly sustainable solutions in the long run.

The Role of the FCH 2 JU as an Instrument to Achieve the EU 2020 Objectives

FCH technologies can significantly contribute to a low-carbon economy, but despite the quick progress of the FCH sector since the establishment of the JU, these technologies are still not mature enough to compete on a level-playing field with incumbent technologies. This is where the FCH JU has demonstrated its power as a catalyst to bring results that one country or company is unlikely to achieve alone: by leveraging private investment more successfully, providing a stable and predictable longer term funding scheme, reducing investment risks for stakeholders and accelerating the speed with which FCH technologies reach maturity and markets.

Experience from the first FCH JU indicates that the JU has made a positive impact on job creation and employment rates throughout the EU with a 10% average increase in annual turnover, 8% average increase of R&D expenditures, 6% annual growth in jobs and 16% annual increase in patents granted in the EU to EU companies in the FCH sector.¹ These positive trends demonstrate the added value that the JU creates by combining public and private funding to effectively stimulate the development of FCH technologies and to bring costs of production down through R&D efforts. Europe should capitalize on the gains and capacity already in place in the FCH sector and use the momentum now to advance even further and faster with the next stage of the FCH JU as a key platform for growth of the FCH sector.

The Rapporteur welcomes the budget commitments of the Commission to the FCH JU's successor but would like to recommend that the Regulation provide more clearly the amounts of the contributions of the partners and their constituents other than the Union to the operational costs, to the projects' in-kind contributions and to the additional activities, as well as for the contribution of other participants to the projects' in-kind contributions and to the additional activities. He believes that this would provide a more cost-efficient way of implementing the Regulation's provisions, bring more transparency, simplification and clarity in terms of commitments and responsibilities of participants and thus strengthen the JU's attractiveness for new industry players to contribute to the Undertaking's activities.

Last but not least, the Rapporteur would like to point out that continued large-scale, transnational, and cross-sectoral mechanisms and efforts are crucial to ensure more efficient outcomes and coherence between Member States' programmes and instruments, and that the FCH JU offers an important platform for such cooperation in the sector. In addition, Horizon 2020 will offer some new provisions for better synergies between the Framework program and structural funds. These can be further utilized to create additional leverage at the regional level. This can be especially important as some Western EU Member States may already benefit from well-advanced R&D and technology know-how, while Eastern EU Member

¹ "Trends in investments, jobs and turnover in the Fuel Cells and Hydrogen sector." FCH JU. February 2013.

States can offer grounds for the development of demonstration and pilot projects. Possibilities for complementing actions, pooling and sharing of knowledge, resources, and research infrastructure, and developing further synergies (East – West) under the auspices of the JU should be further explored during the next phase of the FCH JU.

Discharge of the FCH JU

The Rapporteur is concerned that according to the Commission proposal the FCH 2 JU would be a body subject to article 209 of the new Financial Regulation (instead of article 208) and would no longer be directly accountable to the Parliament nor subject to the external audit by the Court of Auditors as previously was the case.

The experience acquired from the operation of the FCH JU as a Union body under Article 185 of Regulation (EC, Euratom) No 1605/2002 shows that the current framework of operation has been sufficiently flexible and properly adapted to the needs of the JU. Thus the Rapporteur considers that the JU should continue to operate in accordance with Art. 208 of Regulation (EU, Euratom) No 966/2012 of the EP and Council on 25 October 2012 on the financial rules applicable to the general budget of the Union, which replaced Article 185 of Regulation 1605/2002, and should adopt financial rules which should not depart from the framework Financial Regulation except in certain circumstances as is currently the case. Therefore, the Rapporteur recommends the discharge of the budget implementation with regard to the Union contribution to the FCH 2 JU to be given by the European Parliament, upon recommendation of the Council, in accordance with a procedure provided for by the financial rules of the FCH JU. The Rapporteur believes that this is an important aspect to ensure the autonomy of the FCH 2 JU and to give the JU enough freedom to manage its proceedings without additional administrative burden.

Conclusions

The experience with the FCH 1 JU demonstrates how certain challenges can successfully be transformed into opportunities for job creation, growth and innovation in the EU through the joint effort and commitment of public and private stakeholders and the existence of a suitable instrument for such cooperation. FCH technologies can offer a number of clean, sustainable long-term European solutions to many societal challenges but these technologies are still facing many obstacles to effective research and innovation and to large-scale deployment. Design and implementation of appropriate regulatory and business mechanisms as well as a clear longer term policy commitment is crucial in bringing these technologies to markets and in maximizing their benefits for the future.

The Commission proposal for the FCH 1 JU prolongation gives this clear signal for longer term commitment to an EU-wide vision for the development of FCH technologies and serves an important instrument for building a stronger, more sustainable and globally competitive FCH sector in the EU and for fostering European leadership in these technologies on a global scale.

The Rapporteur supports the continuation of the FCH JU until December 31st, 2024, as a crucial instrument to continue implementing the research and innovation agenda of the EU and building upon the progress achieved by the FCH 1 JU. In this way Europe will be able to fully reap the benefits of these key technologies for the future.