



ETUCE Statement on the proposal for a regulation establishing the European Institute of Technology¹

March 2007

In May 2006, ETUCE adopted a statement on the EIT expressing support of the underlying objectives of the EIT, but major reservations about the proposal as it was at that time.

In the time since the Commission's formal proposal was presented on 18 October 2006 for a regulation establishing the EIT, very little clarity has been produced and ETUCE is forced to reiterate some of its most serious concerns.

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From the outset, it is important to note that this is a **proposal for a concrete EU regulation** of the European Parliament and Council of Ministers. Regulations are one of the primary, and the strongest, sources of EU Law, binding upon Member States in terms of both their content, and manner of implementation. While at EU level, it is possible to use regulations in areas of exclusive competence of the EU (e.g. internal market, common commercial policy), education is not an exclusive competence of the EU, and remains a responsibility of Member States.

It is questionable whether this proposal has gone too far in terms of asking for a regulation on the matter. Apart from education, the issues of research and innovation fall within EU competence, insofar as they relate to the internal market, but the controversy remains as to how far education can also be roped into this proposal without trespassing on the Member States' competences.

ETUCE notes that the objective of the EIT is defined as: *“to contribute to industrial competitiveness by reinforcing the innovation capacity of Member States and the Community. It shall do this by involving and integrating innovation, research and education at the highest standards”* (article 3).

The added value of the EIT?

ETUCE has serious doubt as to what precisely the added value of the EIT will be. At EU level, a number of initiatives exist for promoting research and innovation, including for promoting partnerships between academic research and business and for establishing public-private partnerships.

Within the 7th Framework Programme, the bulk of the resources (32 billion Euro of a total budget of 52 billions) are dedicated to collaborative research projects involving a minimum of four partners, including partnerships between academic institutions and industry. European Technology Platforms gathering various stakeholders, led by industry, in order to define a Strategic Research Agenda within a particular field has since 2004 been launched in more than 25 fields, providing for the kind of strategic guidance and link between research and the needs of industry, which fosters innovation and transfer of innovative research result to commercial use.

The recently established European Research Council, a funding body supporting investigator-driven frontier research, as well as the Joint Technology Initiatives (JTI) setting up public-private partnerships in certain key sectors are other initiatives aimed

¹ Proposal for a regulation of the European Parliament and the Council establishing the European Institute of Technology, presented by the Commission on 18 October 2006.

at enhancing the strategic guidance of the research projects funded within the 7th Framework Programme.

A question could be raised as to what an EIT will add differently than the existing cooperation networks within the 7th Framework programme?

The EIT will provide a new legal base for partnerships between universities, research institutions and industry (the KICs), but the funding is still intended to come from the 7th Framework Programme and other Community programmes in combination with own-contributions from the partners of the KICs, as other partnerships under the FP7. The main difference between the KICs and other partnerships funded by the FP7 seems to be the *educational component*:

Each KIC is envisaged to be responsible for educating 600 students at Masters level and 400 students at PhD level, with degree programmes giving particular emphasis to development of innovation-related skills and improvement of managerial and entrepreneurial skills (article 5). As such, the EIT aims to promote the “further integration of the three sides of the knowledge triangle”: innovation, research and education.

ETUCE generally supports an integration of innovation, research and education but the educational element of the EIT is at the same time one of the very problematic aspects of the proposal, for several reasons:

- the main target areas identified for boosting EU’s innovation capacity is to increase private investment in research and to facilitate commercial exploitation of research outputs. It is not quite clear how the degree programmes of the KICs contribute to these two aspects. Apart from the evident benefits to any research team from the ideas and input from students at Masters and PhD level, it is mainly in a long-term perspective that the degree programmes may pay off in terms of producing candidates with a distinct expertise in entrepreneurial and innovation-related skills.
- Is business willing to invest in such long-term perspectives, or is business more interested in the innovation potential of the research undertaken in KICs? Judging from the debate on the EIT in recent months, the main concern of Member States and the industry is innovation, while education and research are seen as measures to support innovation. In recent months Industry has asked for more clarity to the content of the proposal, rather than a debate on the structures.
- For the KICs to be providers of education, the proposed funding model is utterly insecure. Only a minor part of the EIT’s resources during 2010-2013 is to come from core funding (308 million Euro), while the majority of the remaining income to cover the expected costs of 2,3 billion Euro (for 6 KICs) is to come from the FP7 and other programmes (1,5 billion). Funding from the FP7 is granted on a two to five years basis, which can not be considered a stable source of income for an educational establishment. The division of resources within a KIC between educational and research activities is also not clear. Such division of resources presumably is to be laid down in the agreement each KIC draws up with the EIT.
- The attractiveness for universities to award and for graduates to be awarded “EIT degrees” rather than degrees from the elite universities expected to be involved in the KICs is not apparent. In order to ensure the high-quality of

the degrees awarded to students involved in the KICs, it should be the university partners in a KIC that hold the authority to award Masters and PhD-degrees in their own name. Until the EIT has proven its worth, it is preferable that candidates from the KIC only are awarded a diploma certificate for involvement in the EIT.

Apart from the questions arising from the educational element of the EIT, also other aspects raise questions as to the added value of the EIT:

What makes the EIT attractive for universities and business to participate in?

With a starting budget of 2.5 billion Euro for the period 2010-2013 – and a foreseen annual budget of 1.5 to 2 billion Euro by 2015 (including contributions from industry) – the EIT is a relatively small endeavour in comparison to the overall budget of 52 billion euros for the 7th Framework Programme for 2007-2013. The EIT is founded on the hope that the elite – the best universities/research institutions and the most innovative and financially strong companies - will be attracted to the EIT, but what makes it more attractive to undertake partnerships under the EIT rather than as research networks under the FP7 in the context of the strategic guidance of the European Technology Platforms?

From the outset, the *EIT will not provide additional funding opportunities*; the partners will apply for funding under the normal competitive terms of the FP7 and other Community programmes. But as mentioned before the funding is not secured. Partners in the KICs will have to apply to the FP7 on an equal basis with other applications e.g. from competing partners in existing collaborative research projects. As pointed out by one of the big companies that could be a possible partner, a lot of work could be done for nothing because the funding is not secured.

In addition, it is foreseen that Intellectual Property Rights (IPRs) should be shared between the EIT and the KIC (article 9 and 13), but why is it attractive for researchers, universities and companies to give EIT a share of the IPRs considering that the EIT provides nothing more than a strategic frame and a legal base?

While the business community has expressed support for the establishment of the EIT (BusinessEurope, January 2007), the debate in recent months on the EIT also shows a worrying scepticism from the business community regarding the potential benefits from investing in the EIT. The industry evidently wants to see the content of the research areas and a commitment for public funding before they are willing to invest in a public-private partnership such as the EIT². Both the European University Association (EUA) and ETUCE strongly advised the Commission during the consultation process in the spring of 2006 that the EIT must be based on “new money”, not resources diverted from existing programmes.³ Political ambitions must go hand in hand with a political commitment in terms of additional resources to the EIT.

Further comments on funding of the EIT

The question of funding of the EIT is crucial, and only in the recent formal proposal has this question been outlined in detail. As it stands at present, the proposal to fund a minor part of the EIT by the unallocated margins beneath the ceiling of the sub-heading 1A, while the major part of its funding will be drawn from existing EU programmes

² Hearing organised by BUSINESSEUROPE, 6 March 2007.

³ EUA Comments on the EIT, June 2006. ETUCE Statement on the EIT, May 2006.

(the Social Fund, the 7th Framework Programme, the Lifelong Learning Programme, the Competitiveness and Innovation Programme) is a clear indication that the EIT will draw resources away from other potential education and research projects.

ETUCE stresses that it is not acceptable to allocate resources over a long period from existing Community programmes, whereby current and new projects will suffer from lack of funding. Funding of EIT research projects rather than other projects within the existing EU programmes would signify that the Commission thus prioritises to use those parts of the research budget within the existing programmes to projects contributing to the *industrial competitiveness* of the EU. The question of whether such a management of priorities are in line with the politically agreed priorities for the EU programmes would need to be carefully examined, notably considering that the establishment of the EIT – and the resources drawn to it from the unallocated margins beneath the ceiling of the sub-heading 1A – already would signify a substantial amount of resources allocated to the objective of furthering the industrial competitiveness of the EU. In addition, it can be questioned how the Commission will ensure a fair distribution of resources in the FP7 and other community programmes with regard to applications from the KICs vis-à-vis other applicants. There will most obviously be an inner pressure in the Commission to make applications from KICs be successful and hereby ensure the success of the EIT.

ETUCE stresses that there must be a clear commitment from Member States to fund the EIT with ‘new’ money by increasing their total research budget. It is unacceptable if the financing is done directly by the participating research institutions and universities from their current budgets other than the standard own-contribution requested under the FP7.

ETUCE agrees with the clear need to attract more private funding of research in Europe. A clear commitment should be found from Industry before the final approval of the project. ETUCE notes several reservations from Industries to why it should be attractive to invest in the project. However the Commission seems confident that the needed investment will occur. Without private investment into the project there is a real risk that the EIT misses the mission. In fact, failure to secure any funding apart from Community funds so far, shows the danger that the required investment, whether from private or public sources, will not occur. This will only result in a lack of time and money at EU level. In general, this is an indication of the overall problem that there are few who are convinced about the purpose and function of an EIT. The reluctance to put up funds shows scepticism and uncertainty.

The management structure of the EIT

ETUCE notes that the Commission seeks to promote the management structure of the EIT, notably its Governing Board comprising a balanced representation of nominated members with academic/research experience and business experience, as a reference model for governing research and higher education institutions in the EU (*introduction*, p. 4). ETUCE believes that the Governing Board should be an inclusive and representative one, particularly with a high representation of the academics on which the EIT will depend. The formation of the governing body of the EIT should have no implications for the governance of institutions nor should it compromise the principle of collegiality enshrined in institutions’ statutes. The current proposal indicates that the Commission will choose 15 appointed members (taking into account the fact that these need to be balanced between business and academic/research personalities) and 4

members of the Governing Board will be elected by and from among the innovation, research, academic, technical and administrative staff, students and doctoral candidates of the EIT and the KICs (the “representative members”). This means that the actual academic and research staff within the EIT will only have their voice represented by a fraction of the Governing Board, which is not only disproportionate, but lacks the positive aspects which arise out of collegiality and proper representation. ETUCE reminds that the European Commission’s *Charter for Researchers* from 2005 recommends that “researchers be represented in the relevant information, consultation and decision-making bodies of the institutions for which they work”. In addition, the suggested high representation of the business community, occupying half of the seats on the Governing Board, will prove unbalanced if industry is not willing to invest in the EIT. If business is reluctant to invest in an institution such as the EIT, it would be more appropriate that the business community is represented as consultative members in an advisory committee to the EIT.

Regional aspects

ETUCE supports that the activities of the EIT will operate as networks of partner organisations in Knowledge and Innovation Communities (KICs). In the opinion of ETUCE, the network approach has a greater potential to enable dissemination of expertise and knowledge more widely in Europe than a single institution. But if the participation is only based on the institutions’ ability to come up with funds, very important regional aspects about representation will be lost. Since the EIT will be a European institution a balance between financing, quality and geographically aspects needs to be taken into account. The balance between the EIT benefiting all regions of the EU and the EIT as an elitist project seems not to exist. For good reasons smaller Member States fear brain drain as a result of EIT and by this increasing differences and possibilities for universities, research institutions and business. The responsibilities for EU are also to ensure that innovation and research can be a benefit to all regions and countries in EU.

Further comments on Intellectual Property Rights

The question of intellectual property rights (IPR) is crucial. The elaboration of guidelines for IPRs lies with the EIT Governing Board on the basis of principles outlined in the proposed regulation for the EIT (article 9). ETUCE stresses that the guidelines to be elaborated must be based on a coordinated consultation of the interested parties, including the academic community. Rules for IPRs already exist for collaborative projects funded under the FP7, so ETUCE presumes that activities of the KICs funded via FP7 will fall under those rules. ETUCE supports the idea of the EIT as being an innovative approach to bridge the gap between the academic world and business, but we believe that *the EIT must maintain high standards of academic freedom and independence if it is to have credibility in the academic community and if it is to have a serious role in scientific innovation. EIT must at least conform to the standards of academic freedom prevailing in the sector but preferably be a model in promoting best practice in terms of academic freedom.*

Employment terms and conditions of research staff

The employment terms and conditions of research staff in the KICs are to be settled by the individual KICs. The capacity to “ensure a dynamic, flexible and attractive working

environment which rewards both individual and team achievements in terms of innovation, research and education” is part of the selection criteria for the KICs (article 5.2.b). ETUCE is concerned at the potential impact of the EIT on the conditions and careers of academic and research staff affected by it. There could be a flow of staff from non-EIT linked institutions to those involved in it, and this could exacerbate trends towards a 'brain drain' from east to west within Europe. However the conditions of service questions are resolved, these too could have an unintended and potentially unwelcome effect of distorting existing conditions and creating new inequalities within and between institutions.

However, as long as the finance is insecure or drawn from EU sources or from short-term business funds, the academic staff associated with the EIT will be in a precarious position. This, combined with doubts over academic freedom and intellectual property rights, is hardly the way to build a prestigious new organisation capable of in any way competing with established leading world institutions.

ETUCE stresses that collective agreements concerning the conditions for researchers and other personnel should be negotiated with the respective national social partners, or laid down in a European framework agreement with ETUC/ETUCE including questions like mobility, transfer, social benefits and IPRs. Existing provisions like the European Code and Charter for Researchers must be fully respected.

Concluding remarks

If the EIT is meant to be a major leap forward for European Innovation and Research the Commission's proposal is still lacking to show a dynamic interplay between public and private contributors, which can attract new investment into research. ETUCE fully agrees on the need to enhance the synergies between research, education and innovation in Europe, but regrettably the EIT still does not prove itself as the most appropriate instrument to further this aim.

The EIT has very rapidly become a high-priority policy area for the European Commission. The success of the EIT hinges on the degree to which it succeeds in developing into a highly respected institution by both the academic community and the business community, as well as by society at large. *Apart from the educational component which in it self is rather questionable it is difficult at large to see the added value in relation to the already existing possibilities and activities within the FP7.*

ETUCE urges the Commission, the European Parliament and the Council to be cautious and to ensure that the proposal for the EIT take in all the critical remarks and is acceptable to all interested parties. Nothing would be more harmful to the future innovation and research in EU than a failure in implementing the EIT.

ETUCE has reiterated our serious concerns and on this background ETUCE can not recommend the establishment of the EIT unless our concerns are met in an appropriate and satisfactory way.

As ETUCE represents the academic staff and researchers as a social partner in EU, we expect to be further consulted about future developments.