Eurostars Joint Programme: participation by the Community in a research and development programme aimed at supporting research and development performing SMEs undertaken by several Member States

2007/0188(COD) - 12/09/2007 - Legislative proposal

PURPOSE: to offer Community financing of the EUREKA "Eurostars Joint Programme" for SMEs

PROPOSED ACT: Decision of the European Parliament and of the Council.

BACKGROUND: the importance of SMEs to European growth and competitiveness is well recognised and promoted in the EU. The Council has encouraged the Commission to explore the possible development of a bottom-up scheme for research performing SMEs and co-ordination with funding schemes such as EUREKA. In its Resolution on Science and Technology, the European Parliament too stated that a more efficient use should be made of other funding mechanisms to support R&D and Innovation in the EU for SMEs.

R&D performing SME's are knowledge-intensive, technology based companies that play a key role in the innovation process. Based on their own R&D capacity, they are able to develop products, processes or services that have a clear innovative or technological advantage.

For its part, EUREKA is an inter-governmental initiative established in 1985 that seeks to support market-oriented transnational R&D and innovation projects across all sectors and consists of 38 members including the European Community. It is divided into **participating Member States**: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain and Sweden and **other participating Member States**: Iceland, Israel, Norway, Switzerland and Turkey.

At the EUREKA Ministerial Conference in June 2004 the European Commission was asked to explore the possibility of setting up concrete financing mechanisms that reinforce co-operation between EUREKA and the Framework Programme with a particular emphasis on SME's. This initiative gave rise to the "Eurostars Joint Programme" based on Article 171 and 169 of the Treaty.

CONTENT: the purpose of this proposal, therefore, is to offer Community financial assistance to EUREKA's Eurostars Joint Programme, totalling EUR 100 million.

Although SME's have access to a number of programmes under the Framework Programme, currently no specific scheme exists that addresses the R&D needs of performing SME's. Under existing possibilities SME's can participate either through the "Co-operation" programme of the 7th FP or through the action "Research for the benefit of SME's.

EUREKA, on the hand, supports market-oriented transnational research projects without any thematic restrictions. Once awarded a EUREKA label, project partners have to look to their own national programme for funding as there is no central funding mechanism. The "Eurostars Joint Programme" on the other hand, complements both the activities of the 7th FP and EUREKA, by offering a bottom-up

programme, which is specifically tailored towards R&D performing SME's. Further the Programme places SME's in the driving sear, favours small consortia, encourages market-oriented research, results in the synchronisation and harmonisation of national procedures, and finally, offers a secured funding mechanism to project participants.

In summary, therefore, the main thrust of the Eurostars initiative is to create a joint research and development programme by providing the necessary legal and organisational framework for large-scale European co-operation between Member States on applied research and innovation in the area of R&D performing SME's. All EUREKA members have agreed to co-ordinate and jointly implement activities aimed at contributing to the Eurostars Joint Programme. The overall value of their participation is estimated at a minimum of **EUR 300 million** over the six-year period covered by the programme.

Community funding for this initiative would stem from the Capacity programme of the 7thFP. The Agreement once concluded between the Commission and the dedicated implementation structure will ensure that the financial interests of the Community are protected.