Research and development programme aimed at supporting research performing small and medium-sized enterprises: participation of the Union

2013/0232(COD) - 10/07/2013 - Legislative proposal

PURPOSE: to enable the participation of the Union in a Research and Development Programme jointly undertaken by several Member States aimed at supporting research performing small and medium-sized enterprises (Eurostars-2).

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: SMEs have the potential to contribute significantly to creating more growth and jobs in the European Union. There are **around 20.7 million SMEs representing more than 98 % of all businesses in the EU**, accounting for approximately 58 % of the EU's GVA and employing more than 87 million people (67 % of total employment, and in some key industries as much as 80 % of all jobs).

In 2008, **32 European countries that were members of the Eureka network** decided to adopt a coherent approach at European level in the field of research-performing SMEs by setting up the Eurostars Joint Programme. The objective of Eurostars is to support research-performing SMEs by co-financing their market-oriented transnational research in a bottom-up manner and by providing them with a legal and organisational framework.

Under Decision No 743/2008/EC of the European Parliament and the Council, the European Union participates financially in Eurostars by way of Article 185 TFEU (ex-Article 169 EC) with a contribution of up to one third of the effective contributions of the participating Member States and the other participating countries, within a ceiling of € 100 million, for the period 2008-2013.

An interim evaluation conducted in 2010 concluded that Eurostars is well aligned with the objectives of Europe 2020, complements well the opportunities offered to SMEs in FP7 for international cooperation and has proven attractive to its target group. The Council also highlighted a number of recommendations for improving the programme in the future, including the need for participating countries and the EU to provide sufficient funds. This is the reason why it is envisaged to **continue the programme beyond 2013**.

IMPACT ASSESSMENT. the impact assessment considered the following options:

- ***Option 1 - the status quo option (baseline):*** the continuation of the existing Eurostars Joint Programme during the next programming period (2014-2020) with its current format;
- ***Option 2 - the zero option (no EU involvement in Eurostars-2):*** the EU participation and financial contribution to Eurostars would be stopped after the end of its current funding phase (i.e. by the end of 2013);

- ***Option 3 - the reinforced partnership option:*** under the reinforced partnership option, Eurostars would be continued in the next programming period in an improved format based on full implementation of the recommendations made in the Interim Evaluation Report and with an enhanced degree of integration and on an extended scale.

The *ex-ante* impact assessment concluded that **Option 3 is the preferred option** in view of its effectiveness in achieving the objectives, its efficiency and its coherence across all criteria.

CONTENT: the proposed Decision lays down **rules on the participation** of the Union in the second Research and Development Programme jointly undertaken by Germany, Austria, Belgium, Bulgaria, Cyprus, Croatia, Denmark, Spain, Estonia, Finland, France, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, the Czech Republic, Romania, Slovakia, Slovenia, Sweden and the United Kingdom, as well as Iceland, Israel, Norway, Switzerland and Turkey aimed at supporting research performing small and medium-sized enterprises (SME) (**"Eurostars-2")** and the conditions for its participation.

The general objective of the legislative proposal is to stimulate European economic growth and job creation by enhancing the competitiveness of research-performing small- and medium-sized enterprises (SMEs), therefore contributing to the Europe 2020.

This will be achieved by:

- promoting market-oriented transnational research activities without thematic restrictions by research-performing SMEs leading to new or improved product, processes and services to the market;
- contributing to the completion of the ERA and to increase accessibility, efficiency and efficacy of public funding for research-performing SMEs in Europe by aligning, harmonising and synchronising the national funding mechanisms.

The proposal allows **derogations from the Horizon 2020 Rules for Participation**. Those derogations result from the breakdown of responsibilities between the Eureka Secretariat and the national funding agencies: the Eureka Secretariat is in charge of receiving, distributing and monitoring the European Union contribution channelled to the beneficiaries through the national funding agencies.

BUDGETARY IMPLICATION: the maximum Union’s financial contribution, including EFTA appropriations, to Eurostars-2 shall be **EUR 287 million at current prices** for the duration of the Horizon 2020 Framework Programme. The contributions will be made from the “Innovation in SMEs” objective under Part II ‘Industrial Leadership’.