European Institute of Innovation and Technology (EIT)

2006/0197(COD) - 18/10/2006 - Legislative proposal

PURPOSE: the establishment of a **"European Institute of Technology".**

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

BACKGROUND: this proposal is being presented as a backdrop to the Lisbon agenda, which emphasises the need to translate innovative discoveries into entrepreneurial results. Innovative discoveries, if controlled appropriately, can lead to more and better jobs.

Studies indicate, however, that Europe is falling behind in filling the innovation gap. In particular, it is failing to develop an integrated "knowledge triangle" namely an effective synergy between a) education; b) research and c) innovation. One major weakness is the EU's perceived inability to convert knowledge into commercial opportunities. Global competition from both traditional competitors such as the US and Japan, as well as from emerging Asian economies, poses a challenge to the attractiveness of Europe as a knowledge area. In order to bridge the innovation gap between the EU and its major competitors and in order to tap into the unused seam of potential, the Community is proposing the establishment of the European Institute of Technology. The purpose being to address the Community's weakness in translating competitive innovation into positive employment opportunities. In presenting this proposal, the Commission is hoping to brand the EIT as a world-class operator capable of serving as a high performance flagship and setting the standard for other European actors.

The idea of creating an EIT was first put forward by Commission President Barroso in February 2005. Following a period of consultation and reflection the European Council, in June 2006, reaffirmed and acknowledged that a future "EIT could act as an important instrument in filling the gap between higher education, research and innovation and help create synergies resulting in competitive and innovative research." It called on the Commission to present a formal proposal by autumn 2006. In presenting this proposal the Commission is fulfilling this mandate.

CONTENT: the EIT's principle objective is to contribute towards the EU's industrial competitiveness by reinforcing Member State's innovation capacities.

Proposed EIT tasks: The principle task of the EIT will be to integrate innovation, research and education under one framework. The EIT will be responsible for identifying strategic long-term challenges which are likely to generate the best innovative added value. Its other proposed responsibilities will include defining its own priorities and selecting those in which it will invest resources; raising awareness among potential partner organisation; selecting and designating KICs (see below); mobilising funds from both public and private sources; and promoting the recognition of EIT degrees and diplomas in the Member States. 3% of the EIT's annual budget may be devoted to the setting up of a Foundation the purpose of which will be to promote and support EIT activities.

Legal status and structure of EIT: The Commission proposes that the EIT will have a legal personality and that it will be solely responsible for meeting its obligations. The governing structure of the EIT will be strictly limited in size and will be built up over time to a total of thirty scientific and senior staff and thirty support staff. It will not be a Community Agency.

Knowledge and Innovation Communities (KICs): The EIT will perform its activities through "Knowledge and Innovation Communities" to be referred to as KICs. In practice, KICs will take the form of either a partnership or a joint venture between the private sector, universities and research centres. The resources of the combined partnership will work together to promote innovation; the exploitation of results; research in areas of key economic concern; education and training at a master or doctoral level; and the dissemination of best practice. A KIC partnership will be selected by the EIT on the basis of a competitive, open and transparent process. Detailed specifications and conditions will be published. A KIC partnership will be selected depending on its ability to generate innovative research as well as the financial contributions it can bring into the partnership.

Structure of KICs: The Commission is proposing that six KICs be created between 2007-2013. The proposal is based on the assumption that, at a cruising speed, one KIC could involve around 1000 staff of which around 100 would be academic staff, 300 would be researchers and 600 would be technical and supporting staff. A KIC could host approximately 600 Master students and 400 PhD candidates at any given time.

Degrees and Diplomas: Education will play a crucial component of the EIT. The EIT will, therefore, promote the development of courses and doctoral programmes. Innovation will be one of the hall-marks of the degrees issued through the KICs. The Commission is keen that the EIT "brand" its degrees. In the majority of cases the degree awarding partners will be universities. The proposed Regulation states specifically that the degrees and diplomas awarded through a KIC will be EIT degrees and diplomas. The Member States are asked to co-operate in recognising EIT degrees and diplomas.

Management of Intellectual Property: Guidelines for the management of intellectual property are proposed. They have been designed to enable the use of intellectual property under appropriate conditions for research innovative purposes. In addition, they have been created to act as incentives for EIT partners, to provide specific incentives for spin-offs and to generate commercial success. It will be the EIT's responsibility to define the principles and guidelines for managing intellectual property issues.

Budgetary implications and resources: Although the exact amount is difficult to define at this early stage, the Commission nevertheless predicts that the combined estimated funding for the EIT and KICs, between 2007 and 2013, will be **EUR 2.4 billion**. Financing of this amount, it is proposed, should derive from a number of sources including: the EU budget; the Member States; the private sector; bequests; donations; EIT generated revenue; and contributions from third countries and other international bodies or institutions.

The Commission notes that no specific provision has been made for the EIT in the new legislative proposals on the "Inter-institutional Agreement", which was agreed upon in May 2006. The actual EU contributions should, as a result, derive from a variety of sources including: the unallocated margins beneath the ceiling of sub-heading 1A. Funding from sub-heading 1A will amount to EUR 308.700 million.

For further analysis of the financial implications on the EU budget, please refer to the financial statement.