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Proposal for a
COUNCIL DECISION

amending Decision 85/196/EEC concerning a multiannual research and development programme of the European Economic Community in the fields of basic technological research and the applications of new technologies (Brite) (1985 to 1988)

(presented by the Commission)

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amending Decision 85/196/EEC concerning a multiannual research and development programme of the European Economic Community in the fields of basic technological research and the applications of new technologies (Brite) (1985 to 1988)

1. In its communication of 21 May 1986 (COM(86)271) the Commission presented to the Council its review of the Brite programme and the conclusions drawn from the review.

In the light of the discussions in the Council and the Parliament concerning the proposal for a framework programme of Community activities in the field of research and technological development, the Commission has established and submits herewith a draft Council decision on the revision of the Council decision on Brite of 12 March 1985. Once the Framework Programme (1987-1991) for research and technological development (COM(86)430) and The Single Act are in force, the decision on the Brite programme will have to be taken by the Council acting on a qualified majority and in co-operation with the European Parliament.

Revision

2. In the attached draft decision, articles are included to give effect to the following changes which were indicated in the review document :
 - an increase in the funds estimated necessary for the execution of the programme;
 - number of industrial organisations per project;
 - participation of organisations established in EFTA countries.
3. It is still too early to talk of real research results at a time when the nearly 100 projects now underway have in most cases only been running for about one third of the time allotted to the projects. Nevertheless, the research reports received have indicated that on a number of projects substantial progress has been made. All projects

appear to be fulfilling their objectives and will help to strengthen the technological base of European industry in strategic areas and encourage it to become more competitive, e.g. experts claim that the Brite projects in the field of clothing manufacture technology are better suited to the characteristics of the European industry than the competitive USA and Japanese programmes. The first round of Brite moreover has stimulated the creation of a habit of co-operation in manufacturing industry at European level which will contribute to the achievement of the common market, the unification of the European scientific and technological area by helping to break down the long-established traditions in Community countries of tight relationships within a country and thus the more rational use of the valuable research resources available.

This applies generally and that includes SMEs for which special efforts are made with a view to their participation in the programme and which are given strong preference when a choice has to be made between projects of similar technical merit and likely industrial impact. Moreover, the Commission will facilitate, by means of new financial engineering mechanisms which are being prepared, the financing of co-operative, transnational projects, downstream the precompetitive R&D work undertaken in this programme.

4. Increase in the funds estimated necessary

In preparation for the second call for proposals, the technical content of the programme was reviewed with independent experts, IRDAC and the CGC "Industrial Technologies". Their conclusion was that the overall content of the programme should not be changed as all of the subjects within Brite are still of major importance and should be maintained. On the other hand, the priority themes within this overall content were substantially revised and involve now over 100 clearly defined technical subjects.

An advance notice for the second call for proposals was published in June 1986 - followed by an official call in January 1987 - in order to provide sufficient time for preparation.

Major efforts have been undertaken by national authorities, industrial associations, etc. in close co-operation with the Commission to inform SMEs in particular and provide assistance in the preparation of proposals, in particular for organisations which had previously not participated in Brite.

The last date to introduce proposals was 15 May 1987.

Despite the delay in approving the Framework Programme and the consequent reluctance on the part of many potential proposers to put in proposals for Brite without the knowledge that the extra funds would be available, the number of proposals involving the required transnational co-operation received in the second round of Brite is 469, involving 2229 partners, compared to 470 proposals with transnational co-operation in the first 1985 round involving 1740 partners. The participation of industrial firms is of the same level as in 1985, i.e. around 60%, of which 544 are SMEs (361 in 1985). It is also important to recall that no less than some 850 partners had not earlier participated in Brite.

These second round proposals are in almost all cases presented far more effectively and persuasively than those in the first round and it is clear that the overall standard is very high. Moreover, the average size of projects received is in excess of 2 Mio ECU compared with 1.6 Mio ECU in the first round.

Of the 60 Mio ECU still available for the second round, around 10 Mio ECU is already committed as in the first round some 100 proposals were accepted only because :-

- a number of proposals were followed up only through contracts for feasibility studies (and full contracts to follow up these studies will take part of the money of the second round);
- a number of projects were funded initially for only a first phase - usually the first two years of the work planned (and the remainder of the work is to be financed from the money available for the second round).

Despite this, there was great disappointment at the low acceptance rate.

The second round must show that the Community is serious in wanting to provide the kind of impetus to European cooperation in industrial research which is at the centre of the Brite concept by :

- offering the possibility of adequate coverage of technological themes considered as priority by industry, and
- providing a reasonable chance of success for good innovative proposals and, given the high standard of the projects, it cannot be justified that some 9 out of 10 proposals will be rejected.

The doubling of the figure of 60 Mio ECU to 120 Mio ECU is the minimum that will enable these objectives to be approached reasonably satisfactorily.

In line with the increase in the number of projects, an increase in the staff from 27 to 40 is proposed, taking into account that sound management requires that an A-grade official should be responsible for between 10 and 15 projects and that the ratio between A-grade and supporting staff should be in the order of 2:1. Staff costs will represent 4.5% of the costs of the Community participation in the programme.

5. Number of industrial organisations per project

The conditions for participation (i.e. trans-frontier co-operation, 50% industrial financing, at least one industrial firm per project) have ensured the industrial nature of the programme. 90% of all successful projects in the first round had at least two industrial partners from two different Member States. In order to reinforce further the industrial nature of the programme, it is therefore planned (without changing the present legal conditions) that a clear preference will be given to projects involving at least two industrial partners from two Member States. In fact, more than 86% of the proposals received in the second round do involve two or more industrial participants from two or more Member States.

6. Participation of organisations established in non-Member States

It is proposed, because of the strong interest expressed in the EFTA countries, particularly by industry, in broadening European co-operation in technological research and development, to extend the criteria for participation in the second phase of Brite to accommodate them. Despite

the fact that organisations from EFTA countries cannot yet officially participate in Brite, organisations from EFTA countries are represented in 16 proposals received for the second round.

Since it is of overall strategic interest with respect to the competitiveness of European industry as a whole and in the spirit of the Framework Agreements on R&D Co-operation being concluded with a number of EFTA countries, it is intended that industrial firms, universities and research institutes from those countries should be admitted as partners in Brite projects.

Organisations selected will have to cover all their costs and, in addition, where appropriate, a contribution towards operational expenses.

Projects with participation by above-mentioned organisations from the EFTA countries will of course have to comply with normal Brite programme criteria, i.e. at least two organisations from two different Member States will also be required to participate and at least 50% of the costs of every project should normally be covered by industry. Normal Community contract conditions, in particular regarding industrial property rights, will also apply. As for access to and exploitation of foreground and background information in the same or related projects, organisations from non-Member States will be treated in the same way as other organisations participating in Brite.

7. Preparation of BRITE II

For the information of the Council, it seems useful to summarise the preparatory work for Brite II, the follow-on programme.

Preparatory work is in progress through discussions with trade associations covering the various industrial sectors, on the basis of the results of a questionnaire sent to 1,000 firms and in workshops on individual subjects, such as membrane technology, laser technology, etc. (The workshops also provide the opportunity to bring partners in EEC and EUREKA projects together). The work is co-ordinated through a special working group of IRDAC and will be reported on during two "Brite days" in December 1987 in which all interested parties should have the

possibility to discuss the proposed content of the follow-on programme. It should be noted that Brite II and the revision of EURAM will be prepared in parallel in order to ensure complete co-ordination between the two programmes.

The preparation for Brite II so far has reconfirmed not only the strategic importance of the subjects included in the present BRITE programme but also the need to include in future a number of technical subjects at present not thoroughly covered within Brite.

Brite II will also take into account a mid-term evaluation of the on-going Brite programme. It is necessary that the evaluation looks at BRITE projects from two related standpoints. The first is, as always for Community R&D programmes, the technical quality of the work carried out. The second aspect, which is particularly appropriate for programmes intended to benefit industry, is the likely impact on industry of projects should they be successful. In addition, because Brite already involves in its projects a high proportion of the best companies, research institutes and universities in the fields it covers, it is particularly difficult to find sufficient suitable experts who can evaluate Brite from these two standpoints who are, nevertheless, sufficiently independent to be able to form an unprejudiced view. The Commission has, accordingly, taken the step of employing a firm of consultants to undertake a study as to how best to carry out an objective evaluation of Brite at mid-term, the results of which have just become available. The actual evaluation will follow and should be available before Brite II is presented to the Council. Its cost is estimated, for the time being, at approximately 300.000,-- ECU.

Conclusion

The Council is accordingly invited to approve the attached draft decision which takes the form of an amendment to Council Decision 85/196/EEC of 12 March 1985. The Commission underlines the need for an early decision to ensure that there is no gap between the placing of contracts for those projects which can be funded from the 60 Mio ECU currently available and those which have to await this decision. In addition, a number of proposals have been received which involve participation from EFTA countries and

clearly such projects cannot be officially accepted until the attached draft decision is approved and a legal basis thereby established for the involvement of participants from EFTA countries.

Proposal for a
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amending Decision 85/196/EEC concerning a multiannual research and development programme of the European Economic Community in the fields of basic technological research and the applications of new technologies (Brite) (1985 to 1988)

THE COUNCIL OF THE EUROPEAN COMMUNITIES :

Having regard to the Treaty establishing the European Economic Community, and in particular Article 130 q (2) thereof,

Having regard to the proposal from the Commission, (1)

Having regard to the opinion of the Economic and Social Committee, (2)

In co-operation with the European Parliament, (3)

(1) OJ
(2) OJ
(3) OJ

.../...

Whereas Article 130K of the Treaty provides that the framework programme is to be implemented through specific programmes developed within each activity and whereas the Council, by deciding on a Framework Programme of Community Activities in the Field of Research and Technological Development (1987-1991), recognises the interest of an action aimed at science and technology for manufacturing industries;

Whereas Council Decision 85/196/EEC (1) decided on the multiannual research and development programme for the European Economic Community in the fields of basic technological research and the applications of new technologies (Brite) (1985-1988); whereas in particular Article 3 provided that the Brite programme should be reviewed during 1986;

Whereas the review which it has undertaken, the conclusions of which were forwarded to the Council on 21 May 1986 led the Commission to present a proposal for the revision of the Brite programme in order to ensure an adequate fulfilment of its objective;

Whereas it is necessary to react adequately to the interest shown by the industry in transnational co-operation;

Whereas it is necessary to involve small and medium-sized enterprises to the maximum extent possible in the development of industrial technologies;

Whereas it is necessary to ensure an adequate coverage of the technical areas as defined in Decision 85/196/EEC;

Whereas it is necessary to underline the industrial nature of the programme by giving priority to projects with at least two industrial partners from two different Member States;

Whereas the participation of organisations from EFTA countries in Brite projects, under appropriate conditions, may contribute to the competitiveness of manufacturing industry as a whole;

Whereas it is in the Community's interest to consolidate the scientific and financial basis of European research by means of the involvement to a greater extent of the EFTA countries in certain Community programmes, particularly in programmes involving co-operation in research and development of basic industrial technologies;

(1) OJ No L 83, 25.3.1985, p. 8.

Whereas the Scientific and Technical Research Committee was consulted on the following measures,

HAS DECIDED AS FOLLOWS :

Sole Article

Decision 85/196/EEC is hereby amended as follows:

1. Article 1(2) is amended as follows:

(a) the following is added to the second subparagraph:

"Where Framework Agreements for scientific and technical co-operation between non-Community European countries as referred to in Annex 1 and the European Communities have been concluded, organisations and enterprises established in those countries may, under appropriate conditions to be defined by the Commission, become partners in a project undertaken within the programme. The Committee mentioned in Article 5 shall assist the Commission in defining those conditions."

(b) the following is added to the third subparagraph:

"Research institutes which are funded entirely or mainly by industrial organizations shall be considered as industrial organizations. As far as possible, priority will be given to projects involving at least two independent industrial organizations established in different Member States."

(c) the following is added to the fourth subparagraph:

"The Community will not contribute to the costs of a contractor established outside the Community."

2. Article 2 is replaced by the following:

"Article 2

The funds estimated to be necessary for the execution of the programme (1985 to 1988) amount to 185 million ECU (including expenditure on a staff of 40)."

Done at Brussels, 28 September 1987

For the Council
The President

The non-Member States referred to in Article 1 are :

- Republic of Austria
- Republic of Finland
- Republic of Iceland
- Kingdom of Norway
- Kingdom of Sweden
- Swiss Confederation

COMPETITIVENESS AND EMPLOYMENT IMPACT STATEMENT

I What is the main reason for introducing the measure?

BRITE is aimed at promoting technological research, which although not related to the development of marketable products or processes, pursues clear cut industrial objectives defined in over 120 technical subjects. The main purpose of this European Community programme is to bring together complementary research of industrial firms, research institutes, universities and other interested organisations from different countries in the Community through transnational co-operation.

II Features of the businesses in question

The programme is directed at traditional European industries where there is a need to improve technology in order to enhance efficiency.

In the first round of BRITE, a total of 470 proposals with transnational cooperation, involving 1740 participants, were received by the Commission. The total value of proposals received amounted to nearly 900 Mio Ecu representing a Community contribution of 450 Mio Ecu. This has to be set against the 65 Mio Ecu Community contribution available for the first round. 99 projects are now being supported : 60% of the participants are from industry (of which 30% are SMEs), 21% from research institutes and 19% from universities.

To ensure a more adequate coverage of the technical subjects, it is therefore proposed in the actual draft Council regulation to increase the funds by 60 Mio Ecu. This will bring the total budget for new projects in the second round up to 105 Mio Ecu, taking into account that of the initial 60 Mio Ecu still available for the second round, around 15 Mio Ecu is already committed for the completion of projects which were only funded partially in the first round.

III What obligations does this measure impose directly on business

The conditions for participation (i.e. transnational co-operation, 50% industrial financing, at least one industrial partner per project) have ensured the industrial nature of the programme. In order to reinforce further the industrial nature of the programme in the second round, it is proposed (without changing the present legal conditions) that a clear preference should be given to projects involving at least two industrial partners from two Member States.

The first round of BRITE has stimulated the creation of a habit of co-operation in manufacturing industry at European level which will contribute to the achievement of the Common Market, the unification of the European scientific and technological area by helping to break down the long established traditions in Community countries of tight relationships within a country and thus the more rational use of the valuable research resources available.

IV What indirect obligations are national, regional or local authorities likely to impose on businesses

By implementing this draft council regulation no action is required by national governments or local authorities. This proposal does not have any disadvantage to firms, except for additional costs, quite minimal, relating to the preparation of unsuccessful proposals.

V Are there any special provisions in respect of SMEs?

No special provisions in respect of SMEs are foreseen in this proposal.

The advantages for SMEs in participating in the programme is that all signatories to a BRITE contract are treated on an equal footing, so that even with a relatively small contribution to make, a contractor has the right of full access to and exploitation of results, known technically as "foreground information".

As the technical work develops, dissemination of information about the research results will commence. Special emphasis will be placed on the availability of this information to SMEs.

For the second round of BRITE, special consideration will be given to projects involving SMEs with the aim of increasing their participation compared to the first round providing that the technical quality of the proposal is satisfactory. This priority for projects with SMEs as partners will provide strong encouragement to all proposers to seek out suitable SMEs to be their partners. This should encourage SME participation even further.

**VI What is the likely effect on :
a) the competitiveness of business**

As BRITE is aimed at precompetitive research, not related to the development of new commercial products or processes, there is no short term effect on the competitiveness of businesses.

In the longer term BRITE is directed at improving the technological competences of European industry in general and of small and medium sized enterprises in particular. It must be pointed out that a number of projects in the first round of BRITE deal with problems specific to SMEs. The majority of the participants in these projects are SMEs. The results of these projects if successful will be of great value to SMEs in general in the longer term.

b) on employment

The effects on employment (in as much as these can be measured) of the BRITE programme are and will continue to be of an indirect and positive nature in the immediate term. BRITE has already encouraged over 60 SMEs to participate in research and development projects thereby enhancing their technological capabilities and their international market prospects. Without BRITE such firms would not have the funds available for research activity on the scale now possible nor would they benefit from international collaboration. For the reasons mentioned above the second phase of BRITE is expected to offer to a considerably larger number of high-tech-oriented SMEs chances to participate in international projects.

VII Have the relevant representative organisations been consulted?

The present draft Council regulation does not change the conditions as agreed by the Council on 12th March 1985 : no employers, small business or labour organisations have been consulted. Nevertheless, it has to be pointed out that the Industrial Research and Development Advisory Committee was consulted when the initial programme proposal was in preparation.

On the other hand, the Industrial Research and Development Advisory Committee (IRDAC) composed of members representing all sectors of industry, industrial research institutes and trade unions, has been consulted on the technical subjects for the second round.
