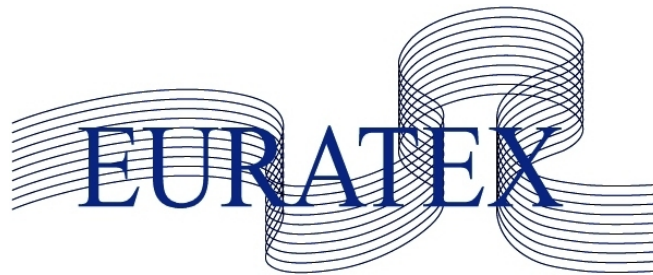


Position Paper

Responses from the European Textile and Clothing Industry, represented by EURATEX, to the consultation on the EC Green Paper on a common strategic framework for EU research and innovation funding.

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Introduction and executive summary

The European textile and clothing industry is a highly diversified, innovation and creativity driven industrial sector. Its production is broadly divided in three almost equal shares addressing the following end markets (1) clothing and fashion, (2) home and interior decoration and (3) a broad range of technical uses including transport, construction, healthcare and furniture.

In 2010 the European textile and clothing industry realised a total turnover of €172 billion and employed 1.9 million people in more than 125,000 companies. The industry exported products worth a total of €34 billion.

In the face of intense global competition European companies are increasingly turning to research and innovation to ensure sustainable competitiveness. In this process the scope of application of fibre and textile-based materials and technologies continues to be broadened. In many large end markets such as transport, construction, energy, healthcare or the environment textile solutions increasingly replace traditional materials and technologies based on their unique performance and sustainability characteristics. Textiles are thereby (re-)discovered as highly engineered high performance materials with significant long term growth potential. Europe thanks to its diversified and innovative industry base and its unrivalled textile research and education infrastructure is uniquely positioned to benefit from this trend and intensified European research and innovation support measures dedicated to this sector will further strengthen its global position.

The European textile and clothing sector has always been a highly active participant in European research and innovation programmes. Through its European representative organisation Euratex as well as through the European Technology Platform for the Future of Textiles and Clothing, founded in 2004, the industry has been in a constant close dialogue with European research and innovation policy makers.

The present position paper in response to the consultation on the EC's Green Paper on a common strategic framework for EU research and innovation funding outlines the experience of the European textile and clothing industry with past and present programmes and makes suggestions for improvement of future programmes. We particularly

- **call for intensive efforts to reverse the constantly declining industry participation in EU research programmes since FP4;**
- **stress that collaborative research must remain the core and dominating implementation mechanism for future Framework Programmes;**
- **urge the need for significant administrative facilitation and faster implementation of programmes and projects;**
- **wish to maintain a significant but radically improved EU-level SME research programme, with significant SME stakeholder organisation involvement in programming and implementation;**

- **encourage more participation of mid-sized companies (up to 1000 employees) by either revising the SME-definition or through other ways of facilitating access for these companies;**
- **warn to avoid the JTI-like pitfalls of excessive complexity and bureaucracy when implementing large scale strategic initiative to address grand societal challenges and key enabling technologies;**
- **recall that European Technology Platforms can be considered as a significant success story in ensuring transparency and broad stakeholder engagement in European research and innovation policy making and programming and stress the need to preserve them;**
- **welcome a more integrated policy approach to research and innovation and call for introduction of research-innovation linking support mechanisms that will help bringing successful research results faster to market;**
- **stress the need to exploit public procurement much more as key tool of demand-side innovation support;**
- **call for a specific innovation support scheme for design and creativity-based innovation.**

The present position paper discusses the above points in more detail and includes further comments and suggestions to all EC consultation questions which we considered of particular relevance for the European textile and clothing industry.

Working together to deliver on Europe 2020

The questions in this section correspond to Section 4.1 of the Green Paper.

1. How should the Common Strategic Framework make EU research and innovation funding more attractive and easy to access for participants? What is needed in addition to a single entry point with common IT tools, a one stop shop for support, a streamlined set of funding instruments covering the full innovation chain and further steps towards administrative simplification?

This question is of great importance to the textile and clothing sector.

Excessive bureaucracy and long wasteful delays in the entire proposal – project – results cycle has been a major problem for the mostly small-to-medium sized textile and clothing companies in Europe and has discouraged many from more active participation in European programmes. To improve this situation Euratex suggests to:

- Keep the amount and diversity of rules, procedures, forms etc. across the whole range of research and innovation funding instruments to the absolute necessary minimum.
- Streamline the procedures during proposal submission, evaluation, contract negotiation, project implementation and reviewing as well as post-project reporting to the extend possible across all sub-programmes and funding instruments
- Set up competent, fast-reacting central info points or helpdesks for common legal, administrative, financial and IPR issues
- Staff internal and external programme administration units, especially legal and financial services, with sufficient human resources and avoid excessive fluctuation in these teams

2 How should EU funding best cover the full innovation cycle from research to market uptake?

This question is of great importance to the textile and clothing sector.

The European Textile and Clothing industry **strongly welcomes a more integrated policy approach to research and innovation**, more reflective of economic reality. It suggests that the different research and innovation support measures are designed in a complementary way and effectively interlinked in execution so that the innovation cycle from promising research results to successful market introduction is not broken or unduly delayed.

For this to happen, the Innovation part of the programme needs a larger scope and more resources in the first place. Then, a better link between the Research and the Innovation parts of the programme needs to be realised. This should allow for easy passages for successful research projects to follow-up support mechanisms in the innovation field (dissemination, standardisation, public procurement, access to risk finance etc.). Also the stronger non-technological components in later stages of the research-innovation cycle require appropriate support instruments.

3 What are the characteristics of EU funding that maximise the benefit of acting at the EU level? Should there be a strong emphasis on leveraging other sources of funding?

This question is of importance to the textile and clothing sector.

The European and international dimension is of great importance to the European textile and clothing industry which is exposed to intensive global competition and which has long been considered as undisputed world leader in innovation and quality of its products. In order to stay at the leading edge textile and clothing companies need to engage in research and innovation with the best knowledge and technology providers across national borders. As the structure of this industry is strongly SME-based, such European-wide research and innovation efforts stretch the capacities and available resources of companies and increase the risk. To encourage companies to shoulder more of these necessary risks, public support programmes at EU level are a crucial tool.

In addition to the immediate research results from European projects, companies often also benefit from the experience of working in pre-competitive cross-border consortia as they can serve as basis for building new European value chain partnerships which in turn increase the international competitiveness of those companies.

A strong involvement of companies in collaborative research projects is in general the best guarantee for a powerful leverage effect of additional private funding sources.

4 How should EU research and innovation funding be used to pool Member States' research and innovation resources? Should Joint Programming Initiatives between groups of Member States be supported?

This question is of great importance to the textile and clothing sector.

The vast majority of public research funding in Europe is spent on national and regional level. The strengthening of the European Research Area by more combination and less duplication of European, national and regional funding programmes is an imperative. The ERA-Net and ERA-Net+ actions under FP7, while initially held back by inevitable learning processes of national and regional programme owners and managers, have shown interesting potential. The CrossTexNet project in the textile research field, dominated by regional programme owners has clearly demonstrated the relevance and high stakeholder demand for such scheme

Larger scale joint programming actions should be reserved for research fields of high societal need and general priority across a significant number of EU member states. In parallel smaller scale ERA-Net like actions must be maintained for more specific research domains with more varied demand across the EU. These may be also more predominantly driven by regional programme owners (at least in member states where the regional research dimension is well developed). In these cases linkages to EU structural funds may be explored.

5 What should be the balance between smaller, targeted projects and larger, strategic ones?

This question is of great importance to the textile and clothing sector.

Collaborative research (i.e. project funding), has been by far the most relevant part of the EU framework programmes in the past for the European textile and clothing industry and this **must remain the core and dominating implementation mechanism for future Framework Programmes**. The greater flexibility of funding instruments and reduced average project size compared to FP6 have made FP7 more user-friendly (good example: collaborative project targeted at SMEs).

In general **larger projects have two important disadvantages**; (1) the complexity and necessary resources for project management and administration grows exponentially and (2) they discourage SMEs and even mid-sized companies from participation. Therefore large-scale projects above budgets of €10 million and consortia above 15 participants should be used sparingly and only in well-justified cases. A **cluster or portfolio approach of smaller projects** targeted simultaneously on different aspects of a strategic challenge could overcome the two major problems mentioned before and also constitute a lower risk approach.

The future framework should provide a sufficient range of smaller, fast-reacting, management-light funding instruments to attract more small and especially mid-sized companies (up to 1000 employees) to the Framework Programme. (See further responses to questions 16 and 17)

6 How could the Commission ensure the balance between a unique set of rules allowing for radical simplification and the necessity to keep a certain degree of flexibility and diversity to achieve objectives of different instruments, and respond to the needs of different beneficiaries, in particular SMEs?

This question is of importance to the textile and clothing sector.

Simplification should not lead to a one-size-fits-all approach. A sufficient range of funding instruments especially ones adapted to the needs of SMEs and mid-sized companies must be maintained. It would already be a big first step if all general requirements such as legal and financial identification, evaluation procedures, progress and financial reporting, reviewing and auditing etc. would be applied in a harmonised way across all sub-programmes, thematic priorities and funding instruments. In a second step, further simplification can be reached by waiving certain standard requirements for instruments for which SME-friendliness, speed of implementation or a smaller scale of funding are particular key characteristics.

7. What should be the measures of success for EU research and innovation funding? Which performance indicators could be used?

This question is of some importance to the textile and clothing sector.

The measures for success depend on the type of support scheme and targeted outcome. As support schemes move along the continuum from fundamental research towards innovation and nearer to market actions, the success measures should generally move from a stronger weighting of input/process criteria (e.g. scientific excellence) to a stronger weighting of output/results criteria (e.g. economic impact). However both criteria must always be present i.e. fundamental research must be to a certain extent measured by the relevance of its output as innovation must be measured by the excellence of its input. Trade-offs between excellence and relevance or economic impact must also be considered.

Across the board application of too simplistic measurement criteria such as high-tech vs. low-tech, high-growth vs. low-growth, patented vs. non-patented IP, technological vs. non-technological etc. must be avoided.

8. How should EU research and innovation funding relate to regional and national funding? How should this funding complement funds from the future Cohesion policy, designed to help the less developed regions of the EU, and the rural development funds?

This question is of importance to the textile and clothing sector.

EU funding should generally complement regional and national funding and should be concentrated on areas in which regional and national funding programmes fail to realise the full potential i.e. if crucial competences and capacities from another EU country would be required.

EU funding should also play a very strategic role in research and innovation fields in which fragmented specialised competences and capacities scattered across Europe and failing to reach critical mass in any individual member state could be clustered and thereby nurtured and maintained. Such field could for instance concern highly specialised materials or manufacturing processes and technologies of which many exist in the textile and clothing sector. This important function of EU programmes is still widely underappreciated.

Tackling Societal Challenges

The questions in this section correspond to Section 4.2 of the Green Paper.

9. How should a stronger focus on societal challenges affect the balance between curiosity-driven research and agenda-driven activities?

This question is of some importance to the textile and clothing sector.

Some of the identified European Key Societal Challenges and Enabling Technologies such as Health, Energy, Climate Change, Food, Transport, Security or Nanotechnologies, Advanced Materials, Manufacturing Technologies, Biotechnologies, Microelectronics etc. have already been reflected in the thematic structure of FP7 and should as such not lead to a fundamental reorientation of funding priorities in the future programme or greatly affect the balance between curiosity-driven and agenda-driven research.

It is a valid concept to align research policy priorities with clearly identifiable and broadly shared societal challenges as such efforts can lead to the double benefit of emergence of successful solutions to overcome those challenges and an economic return as areas of great social need often also represent substantial market opportunities for European industry

10. Should there be more room for bottom-up activities?

This question is of some importance to the textile and clothing sector.

It is important to realise that broad societal challenges can also have a broad source of potential solutions sometimes from unexpected quarters and the key for a successful solution may often be a material or technology at the early stage of a long value chain. Therefore top-down actions to address the identified challenges must be defined in consultation with broad stakeholder communities and ideally in integrated value chain approaches. And **there must remain ample opportunity for the proposal of bottom-up research and innovation concepts.**

11. How should EU research and innovation funding best support policy-making and forward-looking activities?

This question is of some importance to the textile and clothing sector.

EU funding of research in support of policy-making and forward-looking activities should have its place in the overall research and innovation funding programme, but its overall weight should be very limited compared to the core activities targeted at economic development and scientific progress.

12. How should the role of the Commission's Joint Research Centre be improved in supporting policy-making and forward-looking activities?

This question is of no particular relevance to the textile and clothing sector.

13. How could EU research and innovation activities attract greater interest and involvement of citizens and civil society?

This question is of no particular relevance to the textile and clothing sector.

Strengthening competitiveness

The questions in this section correspond to Section 4.3 of the Green Paper.

14. How should EU funding best take account of the broad nature of innovation, including non-technological innovation, eco-innovation and social innovation?

This question is of great importance to the textile and clothing sector.

To realise the full potential of an integrated Research and Innovation policy, **the concept of innovation needs to be embraced in the broadest sense notably including non-technological innovation** such as organisational, creativity-based and social aspects. In this sense the current Competitiveness and Innovation Framework Programme (CIP) lacks breadth, ambition and critical mass. Its limited resources were too focussed on accompanying, supporting, studying measures and provided too little scope for implementation projects. The Eco-Innovation and Intelligent Energy Programmes however stand out as good examples which need to be endowed with more resources and a broadened scope to include also organisational and open innovation or design/creativity-based innovation.

A lack of coherent and easy-to-apply rules for project implementation and financial management and especially often excessive reporting and auditing requirements made many parts of CIP difficult to handle for participants. This must be addressed as part of the administrative simplification efforts (see answer 1. and 6. above)

Very close links with the Research support schemes are necessary to increase the economic impact of research results, create passages for successful research projects to follow-up support mechanisms in the innovation field (dissemination, standardisation, public procurement, access to risk finance etc.)

15. How should industrial participation in EU research and innovation programmes be strengthened? How should Joint Technology Initiatives (such as those launched in the current Framework Programmes) or different forms of 'public private partnership' be supported? What should be the role of European Technology Platforms?

This question is of great importance to the textile and clothing sector.

The constant decrease of industrial participation in the recent EU research framework programmes (FP5-6-7) is a very negative trend which must be reversed. A key problem seems to be the particularly low participation rate of mid-sized companies (250 – 1000 employees) which lack the capacities or experience for becoming involved in larger scale projects and do not qualify for SME schemes. Another explanation may be generally accelerating technology development and business innovation cycles across all industries which make lengthy project preparation and execution times less and less adapted to economic reality. Solutions to address both problems are suggested in the response to question 16. below.

The earlier FP7 PPP structures – Joint Technology Initiatives – proved highly complex and heavy to administrate and are as such at best suitable for research domains dominated by underlying oligopolistic industry structures dominated by few very large enterprises. The PPP initiatives launched under the EU Economic Recovery Package in late 2008 avoided the JTI pitfalls to a certain extent by staying closer in implementation to the standard collaborative research mechanisms of FP7. Especially the Factories of the Future PPP demonstrated that such funding instrument can also be fruitfully applied to more fragmented, SME-dominated sectors such as the manufacturing and engineering sectors. The principal PPP concept in research composed of a joint top-down thematic programming between policy makers and private stakeholder communities combined with a bottom-up programme implementation seems pertinent as long as strict principles of openness, transparency and inclusiveness are adhered to.

Existing PPP's should undergo regular reviews to establish their ongoing good functioning and relevance and a downsizing or termination of an underperforming PPP during the lifetime of the Framework Programme must remain a realistic possibility. PPPs must ensure that representative and open stakeholder communities (networks, platforms, associations) across a broad spectrum of industrial and research areas relevant to the PPPs scope and objectives are involved in governance and thematic programming.

The emergence and strong political backing of **European Technology Platforms** since the preparatory stages of FP7 **can be considered as a significant success story in ensuring transparency and broad stakeholder engagement in European research and innovation policy making and programming.** Especially in sectors with a fragmented, SME-dominated industry base and/or a diversified research community these structures have been and will continue to be of enormous value for developing, articulating and implementing complex strategic research agendas with an accompanying very positive coordinating and structuring effect of the European Research Area in the field concerned. European Technology Platforms also constitute the solid founding pillars of larger initiatives and structures such as JTIs, PPPs or the envisaged European Innovation Partnerships and must by no means be replaced by them. European Technology Platforms have in most cases demonstrated that they are self-sustaining structures which do not require direct EU support for their infrastructure and operations – a principle that should be even more strictly adhered to in the future. Additional value adding activities such as cross-platform collaborations with clear objectives in line with EU strategies and policies on the other hand may well continue to be supported by appropriate funding instruments such as Coordination and Support Actions.

16. How and what types of Small and Medium-sized Enterprises (SME) should be supported at EU level; how should this complement national and regional level schemes? What kind of measures should be taken to decisively facilitate the participation of SMEs in EU research and innovation programmes?

This question is of great importance to the textile and clothing sector.

EU level support of research and innovation oriented to the needs of SMEs with either R&D generation or R&D absorption capacities must be maintained and strengthened. EU level

programmes can greatly complement national and regional programmes and due to the ongoing internationalisation trends affecting companies of all sizes the European dimension becomes more important.

The FP7 SME-oriented programmes fell far short of realising their main goal: the SMEs participating in these projects were scarcely the intended SMEs with no or low R&D capacity but most often quite the opposite (i.e. SMEs already strongly involved in R&D). Further, very low success rates, particularly in the Research for SMEs part, and too complex and unattractive funding rules, particularly in the Research for SME Associations part, made this funding instrument unattractive for the intended beneficiaries.

A privileged access for SMEs to EU research and innovation funding programmes can be best achieved by bottom-up, fast-responding, small-scale project funding instruments. But to make it a real success with SMEs important shortcomings of the FP7 version have to be overcome. These include:

- The disproportionate initiative leadership and benefit of non-SME's (primarily research and consulting organisations)
- The very low success rates
- The complexity and financial unattractiveness in the SME associations programme

To achieve this, **a stronger involvement of SME stakeholder organisations in programming processes must be ensured and a rigorous evaluation system must be developed capable of identifying truly SME-driven projects.** Also some (not too narrow) thematic focussing of calls may raise interest among SMEs, who often consider too unspecific programmes as irrelevant and may at the same time somewhat alleviate the oversubscription problem of completely open calls.

In addition to very specific support schemes for enterprises falling under the EU SME definition, an important facilitation effort needs to be made to **encourage more participation of mid-sized companies (up to 1000 employees)**, which according to recent studies are the most underrepresented enterprise group in current programmes. To achieve this, either a revision of the current SME definition or the introduction of a second enterprise size category with beneficial access to EU (and national/regional) research and innovation programmes must be considered.

17 How should open, light and fast implementation schemes (e.g. building on the current FET actions and CIP eco-innovation market replication projects) be designed to allow flexible exploration and commercialisation of novel ideas, in particular by SMEs?

This question is of great importance to the textile and clothing sector.

Funding schemes which are light in administration and fast in implementation are essential to increase participation of SMEs and mid-sized companies in European research and innovation programmes. Closer to market schemes such as CIP eco-innovation or PPP-related programmes such as Factories of the Future or Energy-efficient Buildings have attracted significant interest and can be applied as models in a wider range of activities. Also

experiences from national schemes such as the German ZIM Programme¹ should be studied for potential best practise transfer.

Completely open schemes have advantages and disadvantages. They can help to cast a very wide net and capture bottom up research and innovation concepts even from unexpected sources, but they can also lead to tremendous oversubscription or otherwise discourage SMEs which may look for thematic keywords to understand the relevance of a particular programme to their industry or market. Therefore a broad thematic definition can help to encourage the targeted participants to apply and reduce oversubscription problems.

Also innovation actions as follow-on to successful research projects could be implemented in a very light and fast manner, as the necessary European consortia are already in place and all administrative information is readily available.

18. How should EU-level financial instruments (equity and debt based) be used more extensively?

This question is of some importance to the textile and clothing sector.

It may be investigated to what extent such instruments can be applied on smaller scale and in a very timely and flexible way in closer-to-market follow-up actions of successful research projects. This could include demonstration and prototyping work or pre-commercial procurement actions. Applications of such instruments on a larger scale or longer time frame such as for infrastructures etc. are of little relevance to the textile and clothing sector.

19. Should new approaches to supporting research and innovation be introduced, in particular through public procurement, including through rules on pre-commercial procurement, and/or inducement prizes?

This question is of importance to the textile and clothing sector.

Among new approaches to support research and innovation, demand-side measures such as public procurement should become a more important part of innovation policies and complement the supply-side measures of the traditional framework programme activities. The Lead Market policy was a very interesting pilot scheme in this respect with important learning effects especially for European Commission and involved stakeholder groups, including the textile and clothing sector, which engaged in the European lead market for protective textiles and clothing. Unfortunately the Lead Market policy lacked resources for more practical implementation projects which could have greatly benefitted the tangible results of the initiative.

Public procurement clearly stands out as a highly relevant demand-side measure for innovation support and much more use must be made of this tool in the future. European programmes should be able to support pilot projects that lead to actual procurement. They should further encourage national, regional, local procurers to implement innovative

¹ Zentrales Innovationsprogramm Mittelstand/*Central Innovation Programme for mid-sized companies* (see www.zim-bmwi.de)

procurement projects through top-up EU/structural funds to cover the costs of the additional innovation-related effort.

20. How should intellectual property rules governing EU funding strike the right balance between competitiveness aspects and the need for access to and dissemination of scientific results?

This question is of some importance to the textile and clothing sector.

Clear intellectual property rules are a key element of the European funding programmes and should not be compromised. SMEs often lack resources and experience in applying such rules to protect their intellectual property and support systems such as the EU IPR helpdesk should therefore be maintained. Beyond this the textile and clothing industry did not face specific issues related to the existing intellectual property rules governing EU funding programmes and therefore has no suggestions for change.

Strengthening Europe's science base and the European Research Area

The questions in this section correspond to Section 4.4 of the Green Paper.

21 How should the role of the European Research Council be strengthened in supporting world class excellence ?

This question is of no particular relevance to the textile and clothing sector.

22 How should EU support assist Member States in building up excellence?

This question is of no particular relevance to the textile and clothing sector.

23. How should the role of Marie Curie Actions be strengthened in promoting researcher mobility and developing attractive careers?

This question is of some importance to the textile and clothing sector.

The Marie Curie Industry-Academia Pathways and Partnerships Programme IAPP attracted some interest among textile and clothing companies during FP7 however without tangible results to date. The programme seems to have limited past and current activity in SME-dominated sectors and less science-driven industries such as manufacturing. More efforts should be made to support projects in these areas.

24. What actions should be taken at EU level to further strengthen the role of women in science and innovation?

This question is of no particular relevance to the textile and clothing sector.

25. How should research infrastructures (including EU-wide e-Infrastructures) be supported at EU level?

This question is of some importance to the textile and clothing sector.

Research infrastructure development schemes should be more receptive to industry-oriented projects, as opposed to too predominantly academically driven actions supported under FP7. Apart from the support to physical and e-infrastructure set-up, the networking and mutual opening of existing applied and industry-specific research infrastructures should be more strongly focussed.

26. How should international cooperation with non-EU countries be supported e.g. in terms of priority areas of strategic interest, instruments, reciprocity (including on IPR aspects) or cooperation with Member States?

This question is of some importance to the textile and clothing sector.

International cooperation in research and innovation should for political and practical considerations first and foremost focus on the EU's neighbouring countries in the entire Pan-European-Mediterranean Area. Beyond this area cooperation actions should be very selective and limited to cases in which a European added value can be clearly demonstrated.

27. Which key issues and obstacles concerning the ERA should EU funding instruments seek to overcome, and which should be addressed by other (e.g. legislative) measures?

This question is of no particular relevance to the textile and clothing sector.

Closing questions

Are there any other ideas of comments which you believe are important for future EU research and innovation funding and are not covered in the Green Paper?

Innovation support for design and creativity

Design & creativity-based innovation, although representing an important innovation element in many manufacturing and service industries was not focussed under the current Competitiveness and Innovation Framework Programme. Several recent studies have demonstrated the importance of this type of innovation across many sectors and highlighted the big economic impact of the cultural and creative industries in Europe

Therefore a dedicated programme supporting design/creativity-based innovation should be included into the innovation part of the Common Strategic Framework. This programme should help develop stronger collaboration at European level between all stakeholders in design/creativity-based innovation ecosystems and also develop a better political understanding at EU, national and regional level about the economic and societal impact of design/creativity-based innovation, its drivers and barriers and suitable policy instruments to stimulate and strengthen it.