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**Textile & Clothing High Level & Sherpas Group
R&D/Innovation Working Group Meeting
Brussels, 30th March 2004
- Summary of Discussions -**

Time: 30th March 2004, 9.00 to 13.00 hours
Location: Euratex, Rue Montoyer 24, 1000 Brussels
Chairman: William H. Lakin, Euratex
Rapporteur: Lutz Walter, Euratex

In the morning of March 30th, 2004, representatives of the Textile & Clothing High Level and Sherpa Groups and Euratex member associations (see annex 1 for full attendance list) came together for a second time to discuss the preparation of recommendations of the High Level Group on Research, Development and Innovation (RDI). The meeting was convened by Euratex and chaired by William H. Lakin.

1. ***Progress since the last RDI WG meeting*** on February 23rd including a report of conclusions from the first High Level Group meeting on March 5th was presented by William H. Lakin. The text and a supporting slide presentation are annexed.
2. Some ***preliminary results of a Euratex-initiated ad-hoc survey on RDI*** in the textile/clothing sector were presented by Lutz Walter and a first overview table of responses received up to 25 March was distributed to meeting participants. It was concluded that Euratex would continue to collect responses and present results of a more in-depth analyses based on a more substantial number of respondents at the next WG meeting.
3. The ***Discussion on existing EU R&D support programmes*** (strengths, weaknesses, recommendations for improvements – immediate measures FP6 & strategic measures FP7) was started off by a short presentation by Walter Begemann of the German position paper distributed to the participants of the meeting and hereby enclosed. Later in the meeting he stressed the need to ensure early acceptance by the High Level Group of specific projects which the RDI group should define. Short statements by Haio Harms, Braz Costa and Bernard Deltete about EU FP experiences of their

respective organisations based in Austria, Portugal and France followed. The major points of discussion can be summarised as follows:

- Programme developments from FP5 to FP6 have not been particularly favourable to the needs of the textile/clothing industry and results so far are unsatisfactory both from a success rate point of view (submitted vs. accepted proposals) and from an effort/benefit ratio (proposal preparation efforts vs. funding prospects)
- The total funding of FP6 dedicated to manufacturing research is far too small compared to the importance of the manufacturing sector for Europe's overall economic performance and while future technologies should continue to be funded through EU programmes, the current imbalance needs to be rectified in favour of activities with bigger economic impact especially in view of FP7
- New larger instruments (Integrated Project, Networks of Excellence) are applicable only in exceptional cases of large-scale industry flagship projects (e.g. LEAPFROG) but basically unsuitable for the major part of the R&D needs of the industry's companies, large and small
- More traditional instruments like CRAFT, STREP, networking activities as well as newer instruments like Collective Research and SME-IPs (under certain conditions) are much more relevant and therefore often heavily oversubscribed which often leads to unacceptably low success rates. Budget reallocations towards these instruments are highly desirable
- Relevant instruments fostering technology transfer and take-up, dissemination and non-technological innovation are virtually absent from FP6 and their creation or re-introduction would be strongly welcomed
- Response times of current programmes are way too long (from idea to proposal submission, from proposal selection to project start, from cost reporting to payment) with current excesses especially in CRAFT and Collective Research where shortest response times are essential to attract SME's, remedies are urgently required
- Strict separation between SME-specific and other instruments seems too artificial and more possibilities for SME team-up with larger supply chain partners in collaborative R&D projects can boost chances for prompt exploitation of results leading to faster and bigger return also for the involved SME's
- Various complexities in programmes and instruments including complex management structures, excessive reporting requirements and bureaucratic language erect unnecessarily high access barriers for smaller companies and should be reduced, in this respect best practices from national programmes (Germany, Austria etc.) could be identified and transferred

Hervé Pero responded to the expressed opinions on behalf of DG Research and indicated a number of current points of discussion in preparation of FP7. His main remarks were:

- Collaborative, industrial research will continue in FP7, alongside science-driven basic research, the strengthening of Europe's research infrastructure, support to mobility of researchers, R&D activities in public-private partnerships (article 171) and more coordination activities between the EU and member states (article 169)
- A good equilibrium between top-down and bottom-up approaches would be desirable, e.g. top-level industry priorities could be defined through a sectoral technology platform within which flexible bottom-up initiatives from companies and researchers could then be accommodated
- Best practice recommendations from national programmes are welcome
- Activities under article 169 like an ERA-NET between a number of member states with particular interests in textiles and clothing should be studied

- Successful new SME-oriented instruments of FP6 like Collective Research and IP's for SMEs should be continued and expanded
 - The role and functioning of the CRAFT programme is in intensive debate
 - The importance of more R&D activities for the future of the manufacturing industry in Europe gains recognition and initiatives like MATAP/*Manufuture* and the Textile/Clothing High Level Group should further help its case
4. The debate on ***Role and Functioning of a European Technology Platform for Textiles*** was started off by a comprehensive presentation of the current state of discussions by Odile Demuth of DG Research, whose presentation is annexed. It should be noted that this presentation represents a snapshot of the perceived state of discussions at the end of March and many points are susceptible to rapid changes due to the current intensive debate on European Technology Platforms (ETP) and Joint European Technology Initiatives (JETI).
- Main points to be retained are:
- ETP's are in the first place a FORUM of stakeholders in a particular industry sector or technology area
 - ETP's major activities are the development of a joint long-term vision, the agreement on a set of strategic priorities and the set-up of an industry-led partnership with a well-defined governance structure to develop and implement concrete actions in a JETI
 - JETI's should comprise two principal phases; (1) an explorative phase in which, drawing from existing initiatives and networks, a long-term agenda is developed, a governance structure is set-up and necessary funding sources are identified, (2) an assessment phase in which the initiative receives the official JETI label as a basis to start implementation activities and acquire the funding
 - JETI's might be set up on the basis of article 171 and the research fund of the European coal and steel community or the Galileo European satellite initiative may serve as reference models, also EUREKA and ESA (European Space Agency) might be studied to draw lessons for future JETI's
 - JETI's are expected to become one of the six principal political instruments to fund RTD-related activities under FP7
5. The debate on ***Measures to support non-technological innovation*** was started off by a short presentation by Hervé Ragonnaud on behalf of the French Ministry of Industry of the position paper distributed to the working group participants together with the agenda ahead of the meeting. The views expressed were supported by François Marie Grau speaking on behalf of the French clothing industry. The ensuing debate with particular interventions by Nikos Pantalos and Alberto Ardello of the Innovation Unit of DG Enterprise revolved around the following main points:
- Non-technological innovation in the textile/clothing sector ranges from creative/product design functions, the adaptation and application of textiles for innovate use purposes and markets, innovative ways of doing business with supply chain partners and product-service offerings to the final consumer incl. e-business concepts, mass customisation, innovation networking and marketing etc.
 - Non-technological innovation elements are a major and in many cases more important and costly part of the overall innovation effort of textile/clothing companies as compared to the pure scientific-technological elements
 - Despite this fact considerably less incentives and support schemes to stimulate companies' efforts in such value-adding and competitiveness-enhancing activities exist at regional, national and EU level

- Awareness of this situation is spreading at EU and member state level and a number of initiatives start addressing this issue, notably the Commission's Action Plan "Innovate for a competitive Europe" which is currently in public consultation and of which a draft is enclosed together with an earlier EC communication on innovation from March 2003, recommendations of the Textile/Clothing High Level Group should fit into this overall context
- One measure to be recommended is a more wide-spread and comprehensive introduction of fiscal incentives for innovating companies, of which some examples seem to exist already as indicated by some respondents of the Euratex ad-hoc study on RDI
- Further direct support schemes for all types of the aforementioned non-technological innovation activities of textile/clothing companies should be investigated taking into account EU state aid rules of which some criteria might be eased to foster innovation
- Networking and the exchange of best practices from regional/national innovation policies, initiatives & programmes must be supported
- Standardisation is a highly innovation-relevant activity with a clear European dimension that deserves more attention and support based on industry priorities/requirements, Jan Laperre, Centexbel provided two relevant documents which are enclosed

6. *Follow-up and next meeting:*

- Results of this meeting will be reported and discussed at the next Sherpas meeting on April 30, and the next High Level Group meeting on May 11.
- Euratex will continue collecting responses to its ad-hoc survey on RDI and undertake an in-depth analysis until the next RDI WG meeting
- All participants are encouraged to provide information on national/regional programmes and initiatives that could serve as best practices for improvement of EU schemes. Material about such programmes/initiatives can be provided in English, French, German, Italian, Spanish or Dutch, but a brief summary of the main lines or principal advantages in English should always be added
- A very short questionnaire concerning possible examples of important project priorities and appropriate EU RDI support measures will be circulated by Euratex. This second ad-hoc survey will also need to be completed and analysed until the next RDI WG meeting.
- This next WG meeting will take place on **May, 25 from 14.00 to approx. 17.30 hours** at Euratex's premises in Brussels

7. In the absence of any other business the meeting was adjourned by the chairman at 13.00 hours.

Attendance List - RDI Working Group Meeting - Euratex – 30 March 2004

Name	Association/repr.	HLG Member represented	e-mail
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