



European Information Systems  
Industry Communication Technologies  
Association Consumer Electronics

## **EICTA Position On the Revision of the EU rules on State aid for R&D**

EICTA is the European Information and Communications Technology Industry Association – bringing together 22 national ICT associations from 16 European countries and 26 large ICT corporations with major operations in Europe. EICTA has been operational since 1<sup>st</sup> January 2000, combining those activities that were previously vested in ECTEL and EUROBIT. It represents more than 4.000 European ICT companies. More about EICTA can be found at: [www.eicta.org](http://www.eicta.org)

### **I. Executive Summary**

At the Lisbon European Council, the European Union set itself the new strategic goal for the next decade of becoming the most competitive and dynamic knowledge-based economy in the world. As one of the prerequisites for achieving this ambitious objective, Europe will have to close the gap in business R&D expenditure with respect to the US and Asia by improving its climate for private investment in R&D and making public funding for private R&D more efficient.

In this respect, the EU rules on State aid for R&D play a key role. Unfortunately, these are putting Europe's industry at a competitive disadvantage. Furthermore, the principles underlying the current EU rules on State aid for R&D have on several accounts become obsolete and at odds with industrial reality. As a consequence, they hamper the efficiency of State aid procedures as well as the effectiveness of aid granted by Member States to stimulate industrial R&D.

The current EU rules on State aid for R&D will expire on February 17, 2001. With global competitiveness in mind, EICTA makes the following main recommendations for their revision:

- foster a level playing field, not only within the EU but also worldwide, *e.g.* through the WTO;
- avoid imposing rules that hinder fair competition at the global level;
- give up the outdated distinction between industrial research and precompetitive development and replace them by a single category "industrial R&D";
- do not *a priori* disqualify aid for R&D projects within a firm's core business or with clear market potential;
- take more account of (international) co-operation or risk in assessing the required incentive effect;
- where appropriate make use of the derogation foreseen in the Treaty for "important projects of common European interest";
- strive for more simplicity and clarity.

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## **II. Detailed Comments**

### **II.1. Introduction**

In its Communication "Towards a European Research Area"<sup>1</sup>, the European Commission drew the attention to the alarming situation of research in Europe, in particular when compared to the US and Japan. Based on a wide range of indicators, it concluded that the current trend could lead to a loss of growth and competitiveness in an increasingly global economy. As a remedy the Commission proposed to create a European Research Area (ERA) integrating Europe's fragmented R&D efforts.

The Special European Council in Lisbon (March 23 – 24, 2000) endorsed the Commission's ERA plans as a major contribution to the Union's new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world. A key element of the ERA plans is to close the gap Europe is facing in business R&D expenditure with respect to the US and Asia by improving the climate for private investment into research in Europe.

One of the other conclusions of the Lisbon European Council was "to reduce the general level of State aids, shifting emphasis from supporting individual companies or sectors towards tackling horizontal objectives of Community interest, such as employment, regional development, environment and training or research". EICTA supports this vision that research is an area where State aid may be justified. Unfortunately, however, the principles underlying the existing EU rules on State aid for R&D<sup>2</sup> have on several accounts become obsolete and at odds with industrial reality. As a consequence, these rules hamper the efficiency of State aid procedures as well as the effectiveness of aid granted by Member States to stimulate industrial R&D.

The existing EU rules on State aid for R&D will expire on February 17, 2001. In this paper, EICTA puts forward its observations on the problems encountered with the existing EU rules on State aid for R&D, as well as its concrete recommendations for their revision.

### **II.2. Worldwide perspective**

#### **II.2.1. Observations**

- In 1994 the GATT set ceilings<sup>3</sup> to R&D aid at a worldwide level and prescribed the definition for R&D that was later adopted in the current EU rules. These rules of the GATT (now WTO), which were anyway less strict than those on the EU, expired on December 31, 1999, without any continuation agreed. This puts Europe's industry in an even more disadvantageous position with respect to its global competitors.
- The US does not have any internal rules to control R&D subsidies, nor does it have an authority to internally control State aid that is comparable to the Commission's DG Competition. In this context we note that the percentage of business R&D expenditure financed by government is much lower in the EU than in the US (9.2 % vs. 14.5 % in 1998)<sup>4</sup>.

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<sup>1</sup> COM(2000)6.

<sup>2</sup> Community framework for State aid for research and development, OJ C 45, 17.02.1996.

<sup>3</sup> GATT Agreement on Subsidies and Countervailing Measures.

<sup>4</sup> Main Science & Technology Indicators, OECD, 1999.

- Ultimately, a worldwide "bidding contest" in aid for R&D is in nobody's interest. Therefore, the Commission's suggestion<sup>5</sup> in 1998 to propose a system for monitoring public support to R&D at the level of the WTO is still worth pursuing.

## **II.2.2. Recommendations**

- Avoid imposing rules on State aid for R&D that may cause unfair competition from outside the EU, but keep enough control on State aid to ensure the efficient functioning of the single market.
- Aim for a level playing field worldwide by raising the issue of public support to R&D in the WTO.
- Promote new WTO rules as well as a worldwide monitoring system for R&D support to avoid a worldwide bidding contest.
- Harmonise State aid modalities and conditions among EU Member States, and apply them consistently.

## **II.3. The linear innovation model to determine permissible aid intensities**

### **II.3.1. Observations**

To determine the permissible State aid, the EU rules on State aid for R&D build on the linear model of innovation, featuring separated, sequential stages, from fundamental research through industrial research, precompetitive development and prototyping to product development and manufacturing<sup>6</sup>.

- In the current market conditions, innovation speed is key. As a result, the traditionally separate stages of innovation have blurred and are partly executed concurrently, with close interaction between knowledge creation and application. Therefore, the linear innovation model is now widely considered outdated. Because the use of this incorrect conceptual model in the assessment of R&D projects can only lead to inefficient procedures and inconclusive results, the rules for allowable aid intensities have to be geared to the current industrial reality.

<sup>5</sup> Communication on "The Competitiveness of European enterprises in the face of globalisation", COM(1998)718.

<sup>6</sup> See article 2.2, section 5 and annex I of ref. 3. The definitions of the R&D stages are:

- By fundamental research is meant an activity designed to broaden scientific and technical knowledge not linked to industrial or commercial objectives.
- By industrial research is meant planned research of critical investigation aimed at the acquisition of new knowledge, the objective being that such knowledge may be useful in developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.
- By precompetitive development activity is meant the shaping of the results of industrial research into a plan, arrangement of design for new, altered or improved products, processes or services, whether they are intended to be sold or used, including the creation of an initial prototype which could not be used commercially. This may also include the conceptual formulation and design of other products, processes or services and initial demonstration projects or pilot projects, provided that such projects cannot be converted or used for industrial applications or commercial exploitation. It does not include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.

- According to the EU rules<sup>6</sup>, no R&D aid is allowed beyond the stages of “initial prototype which could not be used commercially” or “initial demonstration projects or pilot projects, provided that such projects cannot be converted or used for industrial applications or commercial exploitation”. This wording is too ambiguous, as strictly speaking even results from fundamental research can be sold, licensed or applied.
- Research carriers, usually in the form of concepts of potential future products, are widely used in all stages of the R&D process. They focus the ongoing technology developments on realistic problems, and are used to test and validate the new ideas in realistic application environments. Unfortunately, the Commission tends to qualify any R&D activity that pertains to validation and user interaction as prototype or product development not eligible for State aid for R&D. As a result, the Commission’s State aid policy actually discourages firms to ensure that their publicly funded R&D efforts lead to successful innovations, quite the opposite of its approach in the Framework Programme.
- Industry will anyway not consider applying for public funding for product development or manufacturing because the lengthy application and approval processes are incompatible with time-to-market requirements. This applies even more in co-operative R&D projects, where partners will refrain from applying for public funding for joint product development or manufacturing because of reasons of competition (and competition law!).
- The R&D definitions in the EU rules on State aid for R&D<sup>6</sup> are not consistent with those in the Commission’s draft block exemption (from EU antitrust law) for joint R&D<sup>7</sup>, where R&D is defined much more broadly as “the acquisition of know-how and the carrying out of theoretical analysis, systematic study or experimentation, including experimental production, technical analysis of products or processes, the establishment of the necessary facilities and the obtaining of intellectual property rights of the results”. Also according to the Frascati Manual<sup>8</sup>, the OECD’s guidelines for the classification of scientific and technical activities, R&D should be defined more broadly. Prototypes, for example, should be included in R&D “as long as the primary objective is to make further improvements”.
- Whereas software has become very important for the added value of ICT products and services, the existing EU rules on State aid for R&D are still mainly geared to accommodate hardware-oriented R&D. According to OECD’s Frascati Manual, software development should be classified as R&D if its completion depends on “the development of a scientific and/or technological advance”, and its aim is “the resolution of a scientific and/or technological uncertainty on a systematic basis”.
- A purely quantitative time-based criterion such as time to market is not suited as an alternative, as typical time frames vary considerably between industries, and even between product categories. Furthermore, it could limit State aid for the iterative R&D processes that have become essential for successful innovation.

### II.3.2. Recommendations

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<sup>7</sup> Commission Regulation on the application of Article 81(3) of the EC Treaty to categories of research

and development agreements, OJ C 118, 27.4.2000, p. 3.

<sup>8</sup> Proposed Standard Practice for Surveys of Research and Development (“Frascati Manual”), OECD, 1993.

- Give up the outdated distinction between industrial research and precompetitive development and replace them by a single category "industrial R&D", including prototyping and software R&D but excluding product and service development. Investigate whether the R&D definition proposed by the Commission in its draft block exemption for joint R&D or the guidelines in OECD's Frascati Manual can be used to determine the cut-off point between industrial R&D activities qualifying for R&D aid and other industrial activities not qualifying for R&D aid.
- Allow for all industrial R&D a maximum aid intensity of 50 %, corresponding to the usual funding rate in the Framework Programme and remaining within the limits of the former WTO rules<sup>9</sup>.
- Use any negotiations on a renewal of the WTO rules on R&D support to bring the underlying R&D definitions in line with those in the new EU rules on State aid for R&D.

## **II.4. The additionality criterion to assess the incentive effect**

### **II.4.1. Observations**

- The EU rules on State aid for R&D stipulate that State aid for R&D has a clear incentive effect and leads to additional R&D activities that otherwise would not have been pursued<sup>10</sup>. In verifying the additionality of the R&D activities concerned, the Commission takes particular account of quantifiable and other relevant factors. From various investigations by the Commission it appears that the required incentive effect of State aid is judged non-existent by the Commission if the R&D work is a core activity of a firm or within an area belonging to its core business, and essential to its future success.

However, as the current management credo and business climate induce firms to concentrate on their core competencies and businesses, no sensible manager will engage in an R&D project outside the scope thereof. As a consequence, the above view of the Commission in practice prevents effective public support for private R&D through State aid. Moreover, taxpayers' money will almost certainly be wasted if spent on aid for industrial research without direct relevance to a firm's business scope, because its business units will not be able or willing to properly exploit the results achieved by its R&D laboratories in such projects.

- The Commission has also interpreted the existence of future market opportunities as an indication for the absence of the required incentive effect. One may wonder whether R&D that has no future market potential would then be a justified case for State aid.
- When notifying a nationally funded project to the Commission, the existence of growth prospects, application potential, user involvement, business opportunities or exploitation plans risks being interpreted as an indication that the company would have to do the R&D project anyway, so that there can be no incentive effect in State aid. These same aspects, however, are crucial for success when applying for funding from the Commission's own Framework Programme.

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<sup>9</sup> 75 % for industrial research; 50 % for precompetitive development.

<sup>10</sup> See section 6 of ref. 3.

- Neither the WTO rules, nor the Advanced Technology Program (ATP) in the US, nor the Framework Programme in the EU contain constraints comparable to the additionality criterion in the EU rules on State aid for R&D.
- A recent paper in the IPTS Report<sup>11</sup> points out that the concept of additionality is based on simplified assumptions about the role of public R&D programmes and is not sufficient to reveal the usefulness of public technology support.
- In practice, verifying additionality (*i.e.* proving that the R&D activities concerned would otherwise not have been pursued) is very difficult. Particularly in a large firm, quantifying additionality is usually not feasible, certainly at the level of a single R&D project. The large number of R&D projects, the small contribution of State aid for a single project to the firm's overall R&D budget, and the lead times associated with building and maintaining a pool of human capital (*i.e.* experienced researchers) make it impossible to detect the short-term impact of State aid for a single project (*e.g.* on the R&D budget, the number of researches or the R&D expenses as a percentage of sales) against the background of other factors affecting the R&D efforts of a large firm.
- The Commission's current interpretation of the additionality criterion puts Europe's industry at a competitive disadvantage.

#### **II.4.2. Recommendation**

- Take more account of (international) co-operation or risk in assessing the required incentive effect and accordingly reconsider the interpretation of the additionality criterion.
- Do not *a priori* disqualify aid for R&D projects within a firm's core business or with clear market potential.

#### **II.5. Derogation status**

##### **II.5.1. Observations**

- In line with Article 87 of the Treaty, derogation from the EU State aid rules is foreseen for "important projects of common European interest". So far, this status has only been given to the EUREKA projects HDTV, EPROM, DAB, ESF and JESSI, in all cases before 1996 when the current EU rules on State aid for R&D came into force.
- In 1998 the Commission<sup>12</sup> encouraged Member States to invoke this derogation more frequently, so far without result.

##### **II.5.2. Recommendations**

- Make use of the provision in the Treaty to grant a derogation for "important projects of common European interest", *e.g.* for international R&D projects in the context of

<sup>11</sup> T. Luukkonen, Additionality of publicly-funded RTD programmes, IPTS Report 40, p. 10, JRC, Seville, December 1999.

<sup>12</sup> Communication on "The Competitiveness of European enterprises in the face of globalisation", COM(1998)718.

intergovernmental programmes or of national programmes fully opened to participation from other Member States.

## **II.6. Regulatory aspects**

### **II.6.1. Observations**

- The current rules are too prone to interpretation problems. As a consequence, the notification procedure may require several iterations of questions from the Commission and answers from the Member State involved. This has sometimes caused delays that are incompatible with rapid developments in ICT. In addition, the lack of clarity is neither conducive to legal certainty for industry, nor to the efficiency of State aid procedures.
- The Commission has not yet decided whether the existing rules will merely be revised while keeping their current regulatory form of a "framework", or completely be replaced by an exemption regulation. In the latter case State aid control would partially be decentralised to the national level, making notification to the Commission superfluous. In view of the interpretation problems described in this paper it remains to be seen whether sufficiently precise definitions are possible in the area of State aid for R&D to allow decentralised control without the risk of differing interpretations across the EU.

### **II.6.2. Recommendations**

- Clarify and simplify the rules to get less ambiguity and more efficiency.
- *Take all observations and recommendations made by EICTA in this paper into account in the revision of the EU rules on State aid for R&D, irrespective of the regulatory form chosen (an updated "framework" or an exemption regulation).*

Brussels, October 10, 2000





Brussels, 14<sup>th</sup> September 2005

**EICTA comments on European Commission's State Aid Action Plan**

**Summary**

Having advocated a modernisation of the Community framework for state aid for research and development ever since the year 2000, EICTA very much welcomes the Commission's State Aid Action Plan, announcing a broad reform of state aid policies. Regarding state aid for R&D, EICTA's four main messages are the following:

1. EU rules on state aid for R&D should foster a level playing field, not only within the EU, but also worldwide. In the face of global competition, companies in the EU should not suffer from a disadvantage vis-à-vis their competitors outside the EU, where rules and controls on R&D subsidies generally do not exist and generous incentives schemes often apply. Therefore, while ensuring the efficient functioning of the single market, the Commission should avoid imposing state aid rules on companies within the EU that hinder fair competition at the global level. At the same time, the Commission should seek to establish a global level playing field through the WTO.
2. The current state aid rules for R&D are still based on the long outdated linear innovation model. To foster and reflect modern interactive, iterative and concurrent innovation processes with continuous feedback from the market and close interaction between knowledge creation and application, the obsolete, artificial distinction between "industrial research" and "precompetitive development" should be abandoned. Instead, a single category "industrial R&D" with an allowable aid intensity of at least 50 % should be created, including prototyping, software, testing and trials.
3. Public-private partnerships can play a key role in addressing Europe's notorious Innovation Paradox (*i.e.* Europe's weakness in translating its scientific and technological strengths into successful innovative products, processes and services on the marketplace). To facilitate fruitful partnerships between public and private R&D actors, the provisions concerned in the current state aid rules need to be clarified and adapted. A clear distinction should be made between

contract research and collaborative research. In the latter case, basically the same IPR provisions as in the EU Sixth RTD Framework Programme should apply.

4. In view of the Union's re-launched Lisbon Strategy and particularly its Barcelona objective of raising R&D expenditure (public + private) to approach 3 % of GDP by 2010, the long awaited modernisation of the Community Framework for state aid for R&D should now really be implemented, rather than once again being postponed, as happened in the 2001 review.

## **1. Introduction**

A crucial element of the re-launch of the Lisbon Strategy is the broad reform of state aid policy. EICTA very much welcomes the State Aid Action Plan (SAAP) published on June 7, 2005, announcing and outlining the European Commission's reform plans and soliciting comments from stakeholders. Actually, EICTA has been urging for a modernisation of the Community framework for state aid for research and development since 2000 (see our attached position paper). The review of the EU rules on state aid for R&D in 2001, however, only resulted in their extension until the end of 2005. As a consequence, our attached recommendations from 2000 are unfortunately still valid. Whereas we are very pleased to recognise several of our points from 2000 in the State Aid Action Plan, EICTA requests the Commission to also take account of our other recommendations, as described below and attached.

In its current contribution, EICTA specifically comments on elements in the SAAP that pertain to R&D, wherever possible referring to its position paper from 2000. A more detailed contribution may follow in reaction to the Commission's forthcoming Communication on state aid for R&D and innovation.

## **2. Specific comments on SAAP pertaining to R&D and innovation**

*The numbering in the following refers to the paragraphs in SAAP.*

### Level playing field (SAAP par. 7)

- With Europe's global competitiveness in mind, EICTA is of the opinion that the Community framework for state aid for R&D should be revised to foster a level playing field, not only within the EU, but also worldwide, *e.g.* through the WTO. Particularly in the Information and Communications Technology (ICT) and Consumer Electronics (CE) sectors, Europe's industry is engaged in a fierce worldwide competition. Companies in the EU should not suffer from a competitive disadvantage vis-à-vis their competitors outside the EU, where rules and controls on R&D subsidies generally do not exist and generous incentives schemes often apply. State aid policy should strengthen Europe's global competitiveness, enabling it to catch up rather than weakening it with respect to competing regions. This worldwide dimension is completely lacking in SAAP. For more details see section II.1 of EICTA's 2000 paper.
- Even within the EU, state aid rules for R&D alone are not enough to warrant a truly level playing field as long as Member States keep behaving differently within the permissible ceilings for state aid. Therefore, EICTA recommends harmonising modalities and conditions for state aid for R&D among Member States. For this purpose, use could be made of the Open Method of Coordination (OMC), which is also employed for other elements of the Commission's action plan<sup>1</sup> for achieving the Barcelona 3 % objective. Also the European Technology Platforms (ETPs) and Joint Technology Platforms (JTIs) envisaged for the Seventh Framework Programme (FP7)

<sup>1</sup> "Investing in research: an action plan for Europe", COM(2003)226.

can be instrumental in harmonising, synchronising and aligning national support schemes for industrial R&D.

#### Objectives of common interest (SAAP par. 10)

- In view of the Union's Lisbon strategy of becoming the world's most competitive and dynamic knowledge economy and in particular the Barcelona objective of raising R&D expenditure in the EU to reach 3 % of GDP by 2010, state aid as an incentive for industry to spend more on R&D clearly is an objective of common interest.
- With investments on ICT and R&D on ICT in EU so much lagging with respect to the US and with ICT so crucial for boosting productivity growth and addressing societal challenges<sup>2</sup>, stimulating private R&D on ICT is of particular common interest for Europe and fully in line with the Commission's i2010 initiative<sup>3</sup>.

#### Less and better targeted state aid (SAAP par. 14, 18)

- EICTA agrees with the call from the European Council of March 2005 on the Member States for a reduction of the general level of state aid, accompanied by a redeployment in favour of support for certain horizontal objectives such as research and innovation. Also in view of the Union's Lisbon Strategy and Barcelona Objective, this redeployment should lead to more state aid for R&D and innovation rather than less, as a misinterpretation of the SAAP motto "less and better targeted state aid" could easily suggest.
- Actually, the above call from the European Council on Member States would gain much more credibility if the Union were to apply the same principles to its own Financial Perspectives and invest more in its future rather than protecting its past. For example, the current EU agricultural support for tobacco is approximately comparable to EU support for R&D on ICT through FP6.
- Another area where state aid should be redirected within a constant or even shrinking volume is the use of the Structural Funds. Traditionally these have to a large extent been used for building a traditional, tangible infrastructure of roads, bridges and railway links. The infrastructure of the future, the electronic highways, have often not been considered as eligible for support, since the commercial interest is so strong in urban areas. The European Union's more remote and rural areas thereby risk being left behind in a widening Digital Divide. It is important that state aid rules do not put any obstacles in the way of a critical upgrading of strategically important IT infrastructure projects. An answer to that effect will also be given to the Commission's Digital Divide consultation.

#### Economic approach focussing on market failures (SAAP par. 21 - 23)

- It makes sense to apply a more economic (and accordingly less legalistic) approach and an analysis of market failures to determine which categories of activities may

<sup>2</sup> "Key figures 2005 on Science, Technology and Innovation – Towards a European Knowledge Area", European Commission, DG Research, July 19, 2005.

<sup>3</sup> "i2010 – A European Information Society for growth and employment", COM(2005)229.

qualify for state aid. R&D is widely considered as a general case where market failures (e.g. positive externalities) hamper private investments in R&D and justify public intervention<sup>4</sup>. It is questionable, however, whether it is workable and desirable to apply such economic analysis in assessing individual R&D schemes and projects.

- Focussing aid on addressing market failures should not prevent supporting market successes. For example, government support in the area of mobile communications has clearly contributed to European competitiveness.

#### Community framework for Research and Development (SAAP par. 27 - 28)

- For detailed recommendations for the modernisation of the Community framework for R&D see EICTA's attached position paper from 2000.
- EICTA is pleased to note that the forthcoming review will seek to better take into account cross-border research cooperation (see EICTA 2000, section II.4.2) Engaging in collaborative projects with other R&D actors entails extra risks, agency costs and other transaction costs, especially in transnational cooperation. Therefore, (transnational) cooperation should be taken more into account in assessing the required incentive effect of aid measures.
- EICTA welcomes better recognition of major projects of common European interest in state aid policy (see EICTA 2000, section II.5.2). The derogation foreseen in the Treaty for such projects should apply to the ICT clusters in EUREKA, as well as to the European Technology Platforms (ETPs) and Joint Technology Initiatives (JTIs) envisaged for FP7.
- EICTA particularly appreciates the Commission's intention to base the review of the framework on an approach better reflecting an interactive industrial innovation process that can also take account of continuous feedback from the market. This is well in line with EICTA's position from 2000 (section II.3). In particular, EICTA recommends to give up the outdated distinction between industrial research and precompetitive development, and to replace these with a single category "industrial R&D" with an allowable aid intensity of at least 50 %.
- EICTA also supports the Commission's suggestion that the framework should also take account of the growing importance of public-private partnerships in the R&D field. There should be a clear distinction between the roles of universities and public institutes as vehicles of indirect aid to industry and as recipients of direct aid; and there should be a clear distinction between collaborative research and contract research. In the case of collaborative research, the same IPR provisions as in the EU Sixth RTD Framework Programme (FP6) should apply so that no compensation would have to be paid for access and use of IPR where the FP6 rules allow them royalty-free, unless otherwise agreed before the collaboration contract is signed. In the case of contract research where part of the costs is publicly financed, due account should be taken of industry's contributions in the form of financial and non-financial ('in-kind') support or pre-existing know-how when determining the fair compensation for the resulting IPR.

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<sup>4</sup> See for example SAAP p. 7 and Section 3.1 of Annex 1 of Commission Staff Working Paper SEC(2005)430 (Impact assessment annexed to the FP7 proposal).

- Regarding the scope of the framework, EICTA is in favour of an extension to explicitly cover prototyping, software, testing and trials (see EICTA 2000, section II.3.2). This would be in line with the broader definitions of R&D in the block exemption for joint R&D<sup>5</sup> and the guidelines in the OECD's Frascati Manual.

#### Aid to support SMEs (SAAP par. 36 - 37)

- EICTA recommends all Member States to transpose the Commission Recommendation<sup>6</sup> of May 6, 2003, concerning the definition of SMEs in their national aid schemes for SMEs.
- The effectiveness of dedicated aid schemes for SMEs only is questionable. As many SMEs flourish in the slipstream of larger firms, it would be better to stimulate co-makership, with complementary roles for large and small firms.

#### Bonus system (SAAP par. 43)

- EICTA is of the opinion that the bonus system in the framework for R&D is too complex and too cumbersome.

#### Reducing delays (SAAP par. 50)

- To facilitate the task of the Commission and allow it to focus on assessing larger cases, the thresholds for notification to the Commission of individual projects under an approved R&D scheme should be increased.

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<sup>5</sup> Commission Regulation on the application of Article 81 (3) EC to categories of research and development agreements, OJ L 304, 5.12.2000, p. 7.

<sup>6</sup> OJ L 124, 20.5.2003, p. 36.

## **EICTA MEMBERSHIP**

EICTA, founded in 1999 is the voice of the European digital technology industry, which includes large and small companies in the Information and Communications Technology and Consumer Electronics Industry sectors. It is composed of 52 major multinational companies and 32 national associations from 24 European countries. In all, EICTA represents more than 10,000 companies all over Europe with more than 2 million employees and over EUR 1,000 billion in revenues.

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