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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 29.1.2008
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**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT**

pursuant to the second subparagraph of Article 251(2) of the EC Treaty

concerning the

**Common Position of the Council on the adoption of a proposal for a Regulation of the
European Parliament and the Council establishing the European Institute of Innovation
and Technology**

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1. BACKGROUND

Date of transmission of the proposal to the European Parliament and the Council [(COM/2006/604/Final 2006/0197/COD)]: 20 October 2006

Date of the opinion of the European Economic and Social Committee: 2007/C 161/06 14 March 2007

Date of adoption of a General Approach (doc.11058/07) 25 June 2007

Date of the opinion of the European Parliament, first reading: 26 September 2007

Date of adoption of a Political Agreement 23 November 2007

Date of adoption of the Common Position: 21 January 2008

2. OBJECTIVE OF THE COMMISSION PROPOSAL

In the context of the Lisbon Strategy, the EIT is a new initiative intended to reinforce the innovation capacity of the Union and the Member States, by bringing together the best actors operating in the knowledge triangle. The Institute will be a flagship for excellence in innovation and a reference model in the way it combines the worlds of academia, research and business so as to enable Europe to face the challenges of a globalising, knowledge-based world economy more effectively. It will be organised on the basis of 'Knowledge and Innovation Communities' (partnerships of universities, research organisations, companies and other stakeholders in the innovation process). These will be steered, coordinated and evaluated by a Governing Board, composed of high calibre people from the business, academic and research communities. The involvement of business at all strategic and operational levels will be a keystone of the initiative.

3. COMMENTS ON THE COMMON POSITION

3.1 General Comment on Common Position

The text of the Common Position is, in substance and to a large extent, in line with the Commission's proposal and therefore can be supported fully.

3.2 Agreement at Common Position Stage

The Common Position is the result of intense inter-institutional negotiations, following the Commission's proposal on the revision of the financial framework of 19 September 2007, as well as, the adoption of a resolution on the EIT by the EP on 26 September 2007.

Within this context, informal and technical meetings have pinpointed avenues for compromise on a number of outstanding legislative issues. In parallel, discussions on the financing of the EIT (and Galileo) have been conducted within the Council's Budget Committee and between the two branches of the budget authority in the context of the 2008 budget procedure.

On 20 November 2007 the chairwoman of the ITRE Committee, Ms Angelika Niebler, confirmed Parliament's agreement to the text agreed by Coreper on 14 November 2007 and to the Commission's Declaration (subject to an agreement on the financing of the EIT – see below).

The Competitiveness Council reached a political agreement on Friday 23 November 2007 on the establishment of the EIT. The same day, the Council and the European Parliament reached an agreement on the financing of Galileo and the EIT, with EUR 309 million earmarked for the EIT for the period 2008-2013.

The main subjects of negotiation on which accord has been reached are:

The educational dimension: A consensus has emerged on the definition of higher education institutions and on degrees and diplomas.

The participation of KICs in Community programmes (recital 17 and Article 14)

The text of Article 14 has been re-drafted to avoid creating the expectation that all the administrative costs of the KICs, which could be significant, would necessarily be funded through the Community budget.

The definition of Participating States (Article 2 definitions): The word "European" has been deleted by common agreement in response to the EP proposal, while the European dimension has been reinforced in Article 7(3).

The EIT label (recital 12 and Article 8): A compromise has been reached between the EP's and the Council's position (compulsory versus voluntary use).

The concept of a "pilot phase" (recital 24 and Article 19): replaced by "initial phase".

The fields of first KICs (recital 24): The Council agreed, in response to Parliament's request, to add "renewable energy" and the "next generation of ICTs" in recital 24.

The period for the selection of the first KICs (recital 24 and Article 18) has been shortened to **18 months** (from 24) in response to the EP's request.

Evaluation and Commission's review of the proposal (Article 16(3)): It was agreed that the reference to the Commission's capacity to review the regulation "*where appropriate*" would be linked to the evaluation of the EIT.

Establishment of the support structure (Article 6 of the Annex): During the negotiations, the need emerged for a provision in the Regulation to prepare the support structure. The Commission has, with the co-legislators' agreement, looked at various options and considers that the best way to proceed would be to include a new article in the Statutes which would allow it temporarily to take legal and financial decisions on behalf of the EIT until a Director is appointed by the Board.

The Identification Committee (Article 1 of the Statutes): To emphasize the "ad-hoc" basis of an Identification Committee it has been agreed that it be used only for the appointment of the first Board members.

In response to Parliament's request for a more open and informative identification process (vis-à-vis the Parliament and Council), the following Declaration of the Commission has been added to the minutes of the Council:

The Commission will inform the Council and the EP about the nomination of the members of the Identification Committee and its mandate.

The Commission will inform the Council and the EP about the selection criteria that the Identification Committee will use for the selection of the first members of the Board, following an open consultation process.

The Commission will without any delay inform the EP and the Council about the outcome of the selection process carried out by the Identification Committee for appointing the first members of the Governing Board and by the Governing Board for appointing subsequent members.

The Commission will grant the EP and the Council a period of one month to take cognisance of the outcome of the selection process. Following this, the Commission will then appoint the members of the Governing Board.

The Commission will inform the Council and the EP about the Chairperson elected by the Governing Board. An exchange of views with the Chairperson may take place following his/her election before he/she takes office.

4. CONCLUSION

The Common Position meets the aims of the Commission's initial proposal. The Commission therefore supports the text.