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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	17 March 2021
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2021) 133 final
Subject:	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to Article 294(6) of the Treaty on the Functioning of the European Union concerning the position of the Council on the adoption of a Regulation of the European Parliament and of the Council establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination

Delegations will find attached document **COM(2021) 133 final**.

Encl.: **COM(2021) 133 final**



Brussels, 17.3.2021
COM(2021) 133 final

2018/0224 (COD)

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TO THE EUROPEAN PARLIAMENT**

pursuant to Article 294(6) of the Treaty on the Functioning of the European Union

concerning the

**position of the Council on the adoption of a Regulation of the European Parliament and
of the Council establishing Horizon Europe – the Framework Programme for Research
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(Text with EEA relevance)

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1. BACKGROUND

Date of transmission of the proposal to the European Parliament and to the Council (document COM(2018) 435 final – 2018/0224 COD)	7 June 2018
Date of Council agreement on a Partial general approach	30 November 2018
Date of trilogue (agreement on common understanding)	19 March 2019
Date of the partial provisional compromise agreement (common understanding) endorsed in Coreper	27 March 2019
Date of the position of the European Parliament, first reading (incorporating the common understanding):	17 April 2019
Date of the trilogue (agreement on the final text)	10-11 December 2020
Date of the ITRE Committee of the European Parliament voted to endorse the compromise agreement	17 December 2020
Date of political agreement in the Committee of Permanent Representatives	18 December 2020
Date of adoption of the Council first reading position	16 March 2021

2. OBJECTIVE OF THE PROPOSAL FROM THE COMMISSION

The ‘Horizon Europe’ programme is in line with the Commission’s priorities as set out in its Agenda for Jobs, Growth, Fairness and Democratic Change and global policy priorities (the Sustainable Development Goals).

The Programme will strengthen the Union’s scientific and technological bases in order to help tackle current and future global challenges and contribute to the green and digital transitions

and the recovery from the coronavirus pandemic, while aiming to achieve the Sustainable Development Goals (SDGs). At the same time, the Programme will boost the Union's competitiveness, including that of its industry. Horizon Europe will help deliver on the Union's strategic priorities and support the development and implementation of Union policies. Horizon Europe will contribute to the transformation of excellent scientific results into innovation with a real beneficial impact on the European economy and quality of life of the citizens, and create new markets with more skilled jobs.

3. COMMENTS ON THE POSITION OF THE COUNCIL

The Council's position fully reflects the agreement reached in the trilogues. The most important changes introduced compared to the Commission's proposal include:

- *Programme structure.* Split of the proposed cluster *Inclusive and Secure Society* into "*Culture, Creativity and Inclusive Society*" and "*Civil Security for Society*". Inclusion of the word 'space' in the cluster "*Digital, Industry and Space*" and change of the title of cluster "*Food, Bioeconomy, Natural Resources, Agriculture and Environment*". Furthermore, change of the names of the three pillars in "*Excellent Science*", "*Global Challenges and European Industrial Competitiveness*" and "*Innovative Europe*". With the change of Legal Base of the Specific Programme Decision, the Annex on the European Institute for Innovation and Technology (EIT) was moved from the Specific Programme Decision to the Framework Programme Regulation.
- *Widening participation and spreading excellence.* Recital related to the budget of the Widening participation and spreading excellence strand, specifying that it should be at least 3.3% of the overall Programme budget. Furthermore, new definition of Widening countries, including a list of Member States in an article.
- *European Innovation Council.* Expansion of mandate in the corresponding article and recital on the grant-only support of the EIC Accelerator to SMEs, including start-ups. Regarding EIC, the Commission issued a declaration on the implementation of the EIC Accelerator budget.
- *Missions and Partnerships.* Inclusion of a list of 5 areas for possible missions and 8 areas for institutionalised partnerships in an Annex to the Framework Programme and an 'interim evaluation'. Furthermore, addition of a budget cap for mission and partnerships.
- *Remuneration.* Recital recognizing the existence of the remuneration gap in Europe and encouraging Member States to take measures to ensure attractive salaries for researchers.
- *Alignment of the Horizon Europe Programme to the duration of the Multiannual Financial Framework (MFF) 2021 - 2027.* Provision to align the duration of the Programme with the Multiannual Financial Framework 2021 -2027.

- *Biodiversity*. Recital stating specific targets for biodiversity.
- *Retroactivity clause*. In order to ensure continuity in the implementation of the Programme, the Regulation should apply, with retroactive effect, from the beginning of the 2021 financial year and enter into force as a matter of urgency. In duly justified cases specified in the financing decision, activities supported under the Regulation and the underlying costs may be considered eligible as of 1 January 2021, even if they were implemented and incurred before the grant application was submitted
- *Inclusion of provision on academic freedom*. Recital referring to the academic freedom and links with the Programme.
- *Budget*. Modification of the article related to budget. “Landing provisions” (recital and article) for the use of NGEU funds in the context of the Programme. New paragraph concerning the amount from fines allocated to the Programme. The proposed overall financial envelope is EUR 95,5 billion EUR. The amount includes revenues from fines, Next Generation EU funds and reconstitution of decommitments. The indicative distribution of decommitted funds in the budget of the Programme has not been included in the text of the Regulation but in a Joint political statement between the co-legislators and the Commission.
- *Inclusion of the respect of human rights*. Addition of the respect of human rights in the article containing the set of criteria for category d) third countries and territories to fulfil in order to be eligible for association. A Commission declaration on human rights has been adopted. The declaration recalls that the Commission fully subscribes to the respect of human rights as laid down in Article 21 of the Treaty on the European Union; however, the Commission regrets the inclusion of the “respect of human rights” in the set of criteria for third countries to fulfil in order to be eligible for association to the Programme.
- *Inclusion of the analysis of the benefits for the Union in the scope of association*. Addition of the analysis of the benefits of the Union to the article regarding the scope of association.
- *Allocation of financial contributions from Associated Countries*. Paragraph in an article that specifies that the allocation of the financial contributions in the parts of the Programme shall take into account the level of participation of entities from the associated countries in the abovementioned parts.
- *Information about financial contributions to Associated Countries*. Recital that provides for a regular information by the Commission to the Parliament and the Council on the amount of the Union's financial contributions provided to entities established in associated and non-associated third countries.
- *Limitation of the participation or exclusion of legal entities to protect EU strategic assets, interests, autonomy or security*. A provision was included that provides for possible additional measures limiting participation of entities controlled by third countries or their entities in certain sensitive actions to safeguard the strategic interests of the Union and its Member States.

- *Merge of synergy relevant provisions.* Merging of all the provisions related to synergies with other EU programmes in one article.
- *Synergies with other EU programmes.* Addition in an Annex of four new programmes for possible synergies with Horizon Europe, namely Creative Europe, the Just Transition Mechanism, the Recovery and Resilience Facility and EU4Health.
- *Horizontal alignment of provisions related to the transfer back of unused funds to Horizon Europe from resources under shared management.* Paragraph in article related to the transfer back of unused funds transferred to Horizon Europe from resources under shared management, mirroring the Common Provisions regulation.
- Horizontal provision applied to all sectorial programmes for the period 2021-2027, namely:
 - *Climate.* Update to 30% of the overall climate spending target for the entire MFF (initially 25%).
 - *Rule of Law.* Reference to the protection of the Union’s budget in case of deficiencies by a Member State on the Rule of Law.
 - *Protection of financial interests of the Union:* Article referring to the general regime of conditionality for the protection of the Union budget.
- Other declarations issued by the Commission in the context of Horizon Europe concern:
 - *Defence research.* Specification of the fact that defence research actions in Horizon Europe coincide with the research actions under the European Defence Fund.
 - *Involvement of the European Parliament in the implementation of Horizon Europe.* Commitment to exchange views with responsible European Parliament Committees regarding the list of Partnerships, the list of Mission, the results of the Strategic Programme and the work programmes.
 - *No-opinion clause.* Clarification concerning the possibility for the Commission to issue an opinion in the Committee procedure on implementing acts in case of no opinion by the Programme Committee (issued in the context of the Specific Programme).
 - *Ethics, in particular human embryonic stem cells:* specifications related to research activities in Horizon Europe in order to align the Programme with the ethical framework on the EU funding of human embryonic stem cell research, as in Horizon 2020.
 - *Association of third countries to Union Programmes:* This declaration, which serves as a ‘counter statement’ to a Council declaration on the cooperation between Council and Commission during the negotiations of agreements associating third countries to Union programmes, would be issued after such Council’s declaration is made.

The agreement reached preserves the objectives of the Commission's original proposal, maintaining the level of ambition of the minimum requirements but allowing a certain degree of flexibility in implementing the new rules.

4. CONCLUSION

The Commission supports the results of the inter-institutional negotiations and therefore accepts the position taken by the Council.