

VCI position

10TH EUROPEAN FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION

VCI welcomes the Commission's proposal for an independent 10th European Framework Programme for Research and Innovation (Horizon Europe/FP10). In view of the current geopolitical situation and the need to secure the EU as a location for research and production on the one hand and to establish the EU as a leading international location for key technologies on the other. VCI also welcomes the European Commission's proposal to double the budget to €175 billion as an important step. At the same time, we refer to the recommendation in the Heitor report to aim for a budget of at least €220 billion to secure Europe's innovative strength and technological sovereignty in the long term. VCI supports the established goal of increasing R&D spending to at least 3% of EU GDP. In this context, it is important that the funds for FP10 are available in addition to national research and development budgets and do not replace them. Furthermore, national and European financing instruments must be better integrated. Member States are responsible for providing sufficient funding of their own, particularly for future and key technologies – such as advanced materials, biotechnology, AI and quantum technology – and for strengthening their innovation systems by making use of cohesion and structural funds. Ensuring scientific excellence must remain a top priority in FP10. VCI supports the call to explicitly anchor excellence as a central goal in the programme – as the basis for sustainable innovation, international visibility and economic exploitation.

Promotion of innovative and strategic technologies

The targeted promotion of innovative and strategic technologies is crucial and must be prioritised to drive industrial change and achieve the goals of the Green Deal and the Clean Industrial Deal. In addition to the thematic areas defined by the four policy windows of the European Competitiveness Fund (ECF) – digitalisation, cleantech, biotechnology, and defence and space – policymakers should also focus more on materials and chemistry-based production technologies, particularly in areas such as nanotechnology, advanced materials, circular economy/recycling technologies, catalysis, and substitution research, e.g. for PFAS, SVHC, etc. A Seal of Competitiveness – as created in the Strategic Technology for Europe Platform (STEP) Seal – can raise the profile of projects that are eligible for funding but have not yet received it and improve their connectivity to other instruments. VCI welcomes initiatives such as 'Advanced Materials for Industrial Leadership', through which the Commission is broadening its focus to encompass key enabling technologies such as for example nanotechnology, advanced materials and catalysis.

A modern research landscape requires a modular, streamlined funding architecture that creates space for open-topic real-world laboratories, mission-oriented projects and socially relevant key technologies.

Security-related aspects, such as those involving technologies with potential dual-use applications, should be examined on a case-by-case basis and in relation to the specific project. Blanket labelling requirements or a general flagging mechanism are insufficient in this context and risk unnecessarily hindering freedom of research and thus innovation.

Expansion of funding to higher technology readiness levels (TRL)

FP10 must significantly strengthen the transition from TRL 3 to 7. Many innovations are currently losing momentum because they are often not sufficiently supported or funded in the transition from TRL 5 to 7 and from Research and Innovation Actions (RIA) to Innovation Actions (IA). The current framework programme (Horizon Europe), for example, does not adequately cover investments in demonstration plants and the scale-up of production processes. Promising projects therefore often end at TRL 7 because private investment alone is too risky. In the new Pillar 4, VCI sees an important starting point for this in research and technology infrastructures.

Furthermore, new value chains – for example in chemistry, bioeconomy, materials or recycling – must be established in parallel to enable new approaches such as sector coupling, recycling or bio-based raw materials. Funding programmes should be designed in such a way that all stakeholders involved can reach market maturity at the same time. Calls for proposals must be open-ended and repeated to take account of developing material-specific value chains. Calls for proposals should be based on potential impact rather than rigid thematic specifications. VCI also suggests setting up a central contact point to accompany companies throughout the investment cycle and assist them in navigating funding and financing instruments.

The planned integration of the next EU Research Framework Programme (FP10) with the European Competitiveness Fund (ECF) opens opportunities to close the existing TRL gap – provided that a clear governance structure with binding participation by Member States and industry is established to ensure transparency, accuracy and acceptance without compromising the inherent logic of FP10. This is the only way to maintain democratic legitimacy, as was ensured, for example, by national programme committees in Horizon Europe. In the interests of transparent and participatory governance, VCI calls for national programme committees and industry representatives to be actively involved in the work of the Competitiveness Coordination Tool (CCT).

FP10 must remain independent and must not be overshadowed by the ECF's security or industrial policy priorities. The ECF's priorities must not result in the displacement of FP10 research. Rather, support for both FP10 and the ECF should be viewed as complementary. This is the only way to bring new sustainable innovations to market and strengthen Europe's competitiveness.

Creation of a legal framework that promotes innovation

Increasing geopolitical and technological competitive pressure requires a clear legal framework, effective instruments for protecting intellectual property and a new funding logic.

Legislation should strengthen the principle of innovation and specifically remove regulatory barriers to market entry, particularly in the chemical and life sciences sectors. The possibilities offered by regulatory sandboxes should also be considered here. Regarding chemical technologies, the concept of innovation should not be focused primarily on decarbonisation, substitution and Safe and Sustainable by Design (SSbD) with a view to international competitiveness, thereby neglecting the technological foundations for all future technologies. VCI is critical of the establishment of the voluntary SSbD concept as the primary assessment framework and its reference in various legally binding Commission dossiers. VCI also believes that the continuing high data and resource requirements associated with the application of the framework or comparable initiatives tend to inhibit innovation.

A mandatory "open to the world" approach to scientific data must not be enforced. Priority must be given to the protection of intellectual property (IP) for the economic and exploitation of research results by European industry – ahead of unrestricted access to project data.

VCI advocates further developing the existing principle of "as open as possible, as close as necessary" in the sense of an open, technology-driven funding logic adapted to security-related aspects – "as open as possible, as secure as necessary – as strategic as required" – without placing security-oriented priorities above the inherent logic of FP10. The aim is to secure the

economic exploitation of research results and the strategic interests of European industry without jeopardising academic freedom.

Strengthening the participation of the chemical industry

The European chemical industry is a key driver of innovation, competitiveness and sustainable growth. For the new FP10 to reach its full potential, industry must not only be addressed but also actively involved – from basic research to market launch. Only through close cooperation between science, industry and politics can Europe secure its innovation and technology sovereignty and successfully master global challenges. In this context, the flat-rate funding quota of 70% for companies outside the SME definition – especially for risky innovation projects – is the wrong signal.

Cross-sector public-private partnerships (PPPs) such as 'Processes4Planet' (P4P), 'Circular Bio-based Europe' (CBE) and 'Innovative Materials for Europe' (IM4EU) have established themselves as effective instruments for knowledge transfer and innovation along value chains. These structures must not only be maintained in FP10, but also specifically strengthened. A further reduction in the budget share directly allocated to this area in FP10 – 56% in FP9 and now 43% – must be avoided in the negotiations. The early involvement of industrial expertise in identifying topics and designing projects is crucial for developing practical, market-oriented solutions with European added value. The planned simplification of the funding landscape must not be at the expense of these proven cooperation formats – their strategic importance for European innovation must clearly be considered.

Research and innovation missions (R&I missions) offer the opportunity to pool European innovation strength in a targeted manner and to visibly address societal challenges. For these missions to be effective, systematic industry participation is needed – across all phases. Technology neutrality and a holistic approach to innovation are essential.

VCI welcomes instruments such as EIC Transition and Accelerator, which specifically address the transition from research to market maturity. However, the European Innovation Council's (EIC) current focus on start-ups and individual players leaves open the question of how established companies will be involved in the future. A balanced innovation landscape needs all players – from disruptive start-ups to research-intensive SMEs and large companies established on the market.

Simplify participation rules and reduce administrative burden

To ensure the participation of the European chemical and life sciences industry, in particular technology-oriented SMEs, in EU-funded innovation projects, the European Commission should

- significantly simplify the rules for participation (size and structure of consortia, smaller projects, flexible access to consortia and projects)
- significantly speed up and simplify procedures (i.e. simplify the application process and shorten the time it takes to approve a grant)
- Reduction of administrative burden (e.g., auditing, maximum flexibility between cost items, lump sum, simplified amendments).

Small and medium-sized enterprises in Germany often exceed the thresholds specified in the European Commission's recommendation on the definition of small and medium-sized enterprises (SMEs). This creates a gap that excludes these companies from some funding programmes. However, the participation of companies that exceed the thresholds for small and medium-sized enterprises is particularly important in the areas of EU R&D policy.

More flexibility is needed in the forms of cooperation. Although it generally makes sense to have a broad spectrum of different research partners on board, the selection of partners should be based on the idea, expertise and task at hand, rather than on the need to meet application criteria or cover a broad swath of the European map. To achieve this, it is advisable to use "smaller" calls for proposals (call topics) and to link the criteria for consortia to the TRL level of the project.

The role of project coordinator involves a great deal of responsibility and additional work, e.g. the obligation to distribute payments received from the funding authority to the other beneficiaries and to be responsible for financial management. Among other things, this means that many potential project partners (especially SMEs) are reluctant to become coordinators. In the 10th Framework Programme, the EU Commission should define the role of the coordinator in such a way that they are not financially responsible for the entire project. In addition, coordinators could be adapted to the position of the project in the development chain (TRL), e.g. TRL 3-5 more academic, TRL 5-7 more industrial, TRL 8 and above strictly industrial. The financial costs of coordination should be supported equally for academia and industry.

From VCI's point of view, the standardisation through lump-sum funding envisaged in the FP10 draft raises questions regarding flexibility and transparency. Flexible adjustments during the project period are essential, especially for complex industrial projects. Lump-sum financing models reach their limits here. VCI therefore advocates a differentiated application of lump-sum financing and calls for the possibility of alternative billing models to meet the specific requirements of industrial research projects.

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The VCI and its trade associations represent the interests of around 2,300 companies from the chemical and pharmaceutical industries and chemical-related sectors of the economy vis-à-vis politicians, authorities, other sectors of the economy, science and the media. In 2023, the member companies of the VCI generated sales of around 245 billion euros and employed over 560,000 people.