



**SEMI positions on “Simplification measures in the framework research programme”, submitted on 20 September 2010**

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**About SEMI**

SEMI is since 1970 the global industry association with more than 2000 member companies representing the semiconductor manufacturing supply chains for the semiconductors (microelectronic and integrated circuits), photovoltaics (solar), solid state / LED lighting, micro-electro-mechanical systems (MEMS), and flat panel displays (FPD).

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SEMI Europe warmly welcomes the recent initiative of the European Commission, stemming from its communication, in increasing its efforts to develop and to make more simple the complex but critical initiative of the Framework Research Programme (FP). Our association is delighted for the active involvement of the Committee of the Regions in this very present debate and for its key coordinating role in collecting the several significant positions of the main important stakeholders.

The background of this initiative shows that the relevance of research, innovation and investments for the benefit of the European competitiveness lies at the core of the European Union agenda as also pointed out in the EU 2020 Strategy.

SEMI members are mostly aware about the extremely positive role that the Framework Programmes can play in stimulating positive synergies for the future of the European innovation, still participation of SMEs is not high enough (SMEs represent 90% of our membership). In the meanwhile, we strongly believe that this ambitious framework of investment projects needs to refine and make more efficient its instruments and goals in order to enable all the stakeholders to fully benefit from the European added value.

**Simple, quick, easy to understand. Adapted to the industry requirement (permanent open call), clear and efficient guidance, Look at it from the SME/entrepreneur perspective.**

**1. No one-size-fits-all: attaining the SMEs expectative**

Our members are concerned about a too rigid approach in drawing and implementing the FP which, according to us, should be shaped around the needs of the size of all the actors that want to have benefits from the programme, mainly the SMEs. Small and

medium enterprises are the backbone of the European industry in general and of the semiconductor and photovoltaic equipment and material supply chain in particular. The ongoing framework programme shall much more consider these actors, their limited budget, the need to have access on financial support in a squeezed time, their technology oriented approach and the flexibility and speed of their decisions process. Only if they will be supported by a flexible and less burdensome framework programme, these stakeholders will succeed to face the challenges of a high-speed, high-competitive and globalized world economy.

In short, our proposals are focused on some aspect that shall be improved to simplify the FP: administrative procedure shall be oriented towards a clearer, transparent and less bureaucratic approach; the speeding-up of the timing procedure as driver to competitiveness and saving of costs; the importance of a European Cross Border funding instrument.

## **2. Improvement of the administration process**

Major efforts shall be made in terms of administration of the programme. Many of our members complain the harsh difficulties within the several procedure steps and of the huge number of information needed for an SME to understand all these steps. Among their proposals, they point out the setting of a series of informal “orientation meetings” with the Commission where the SMEs can present their projects or ideas. The Commission could then play the role of coordinator and advisor in order to suggest the best way to have access to all information and facilities which are necessary to implement the projects. The right amount of information is a key element in economics and in general for SMEs.

Our members are many times discouraged by the slowness of receiving feedback once they ask explanations by writing to generic email addresses: a more direct and efficient communication system within the procedure will help the actors to speed their decisions and improve their learning of the system.

Some of our members are concerned on the lack of transparency of the entire procedure, i.e. the criteria applied to select the projects chosen and in general the complexity of the functioning of the procedure. In particular, SEMI members would welcome a clearer and more transparent process in assessing the projects: the approval or the refusal of a proposal shall be properly motivated and the final decision must follow pre-existed and objective criteria.

All this considered, a less bureaucratic and more efficient program will broaden the participation base thus lowering the barrier of entry to programs and grants.

## **3. Need for the SMEs to deal with a quicker procedure and preference for a two-steps process**

A crucial item to be improved in the next FP is related with timing issues. The administrative process rules must be oriented towards a quicker and flexible time setting.

For a company in the fast moving high-tech sector it is very difficult to plan strategic research projects and sometimes to wait for more than a year to even start the project. Flexibility for SMEs means first of all speed of taking decisions and turning them into concrete projects. From this perspective, the timing of the procedure (almost one year to get the approval of the project submitted) does not comply with the need of dynamicity for the strategies planned by a SME. In the worst case, our members feel frustrated by a possible rejection of their project after having waited almost a year.

Too long time without knowing the results of project submission means too long time without knowing when the project will eventually start.

Within a one-step application, the effort to prepare a full proposal is quite high compared to the likelihood of getting a project granted. Therefore companies prefer a two-steps process with positive impact on both timing and costs.

#### **4. Some problem related with the urgency to have access on the national and EU funds**

The financial administration on the EU side takes sometimes too long for an SME, so they are constrained to pre-finance the activities for half a year or longer (this represents a barrier to entry for SMEs which cannot afford a million EUR investments in sometimes needed machines).

The slowness of the procedure is a direct consequence of the fact that the FP is co-financed by member states and the Community. From this point of view, the worst scenario takes place when the applicant finally obtains an EU contribution but still has to wait for the compensation from the national authority. SEMI members would appreciate a more tight cooperation between national and Community authorities in terms of coordination their joint actions.

#### **5. Encouragement of a efficient European Cross border funding instrument**

The FP shall ensure a true European Cross Border funding instrument. Cross-border funding is interpreted here as funding available for structural collaboration between centres of excellence (universities, research centres, and industry) located in different Member States. Smaller Member States encounter specific problems with initiatives based on co-funding schemes since the financial funding capabilities of the smaller Member States are limited in comparison with large Member States. As a consequence, smaller Member States sometimes resort to work with partners outside of Europe, in Asia and in the US. This can undermine the objective of a more competitive European manufacturing industry and can jeopardize the efforts made by the smaller to remain competitive at European and global scale.

For this reason, SEMI members urge a solid and modern building of the next FP in order to cope with the future challenges and the harsh competition coming from the Far East. Today, more than ever, competition is not within Europe but outside Europe.

- Permanent call open. Technology needs fast decisions.
- Suppliers need to work with their customers, these are often based outside of Europe for the semiconductor industry. Allow for joint funding with countries outside of Europe. Many of the customers of our members based outside of Europe, need to find a way to work with them in the current FP system.
- Audit/Costing.
- Low success rate demotivates some of the really good companies. Experiment a hunting rather banking. Success rate needs to increase.
- One proposal instead of 2
- Too many documents, centralize
- Simplicity of applying.