



5 April 2013

Dear Member of the European Parliament,

Through research and innovation, European businesses deliver innovative products and services having a real impact on the European economy and society at large. Consequently, Horizon 2020 will play a crucial role strengthening the competitiveness of companies, support the creation of growth and jobs and ultimately ensure the recovery of the European economy.

Large companies and SMEs together perform over 60% of all research and development (R&D) activities in Europe; however, private sector participation in the Framework Programmes for R&D has been declining for fifteen years to below 30%. Reversing this trend and attracting more industry to the EU funded programmes for research development and innovation (R&D&I) must be a priority of the EU institutions in the finalisation of the Horizon 2020 Package.

Moreover, Horizon 2020 should make EU R&D&I spending more effective to incentivise a faster market uptake of innovative solutions thereby strengthening the competitiveness of European companies.

With this aim, BUSINESSEUROPE calls on the European Parliament to ensure adequate funding for the participation of businesses, notably by:

- **Supporting pillar II “Industrial leadership” and pillar III “Societal challenges”.**
BUSINESSEUROPE still strongly supports the budget proposed by the European Commission for Horizon 2020 - €80bn over the period from 2014 to 2020 – while respecting the need for budgetary discipline on the Multiannual Financial Framework.

BUSINESSEUROPE strongly recommends maintaining the well-balanced allocation of budget shares among the three pillars of Horizon 2020 as originally proposed by the Commission.

- **Providing a viable reimbursement model for business with funding rates not below the level of the Framework Programme 7.**
The rules for the reimbursement of eligible costs must ensure adequate funding for activities of small, medium and large companies and must be adapted to the diverse needs of stakeholders.
European business is seriously concerned that EU institutions may bridge their different positions agreeing on a “least common denominator” model with low reimbursement rates in the attempt of “simplifying” reimbursement rules.



In particular, the reimbursement rates for industry proposed by the European Parliament ITRE committee (70% for both research and close to the market activities plus 20% for indirect costs) are not adequate. Such a funding model would certainly discourage business' participation to the programmes with negative consequences in terms of loss of competitiveness and employment. SMEs' participation in research programs would also be negatively affected given their interdependence with large companies in the innovation value chain.

Moreover, a model based on different reimbursement rates for different categories of beneficiaries undermines the essential objective of simplification. The failure of simplification would make administrative procedures to access financing for research and innovation longer and consequently more expensive.

BUSINESSEUROPE would like to stress that simplification measures must aim at implementing clear, predictable rules making the participation of companies easier. In this context, giving stakeholders the possibility to choose the reimbursement model best suited to them (as detailed below) is essential.

Therefore, participants should have the choice between two options with fair reimbursement levels:

- Reimbursement rates for direct and indirect eligible costs. Total eligible costs should be reimbursed at 100% for research actions and at 70% for Close to Market actions. Indirect eligible costs should be calculated applying a flat rate of 30% to the total direct eligible costs. OR
- Reimbursement on the basis of full actual costs for all participants according to beneficiary's usual cost accounting principles. This option would be workable only in case the certification on the methodology used is NOT compulsory.

Successful business' participation to Horizon 2020 will very much depend on both the right balance of R&D&I areas to be funded and on viable reimbursement rules.

We count on your support to ensure a positive outcome in the ongoing trilogue negotiations.

Yours sincerely,



Markus J. Beyrer