Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation amending Regulation (EC) No 521/2008 setting up the Fuel Cells and Hydrogen Joint Undertaking'

COM(2011) 224 final — 2011/0091 (NLE)

(2011/C 318/23)

Rapporteur-general: **Mr MANOLIU**

On 16 May 2011, the Council decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Council Regulation amending Regulation (EC) No 521/2008 setting up the Fuel Cells and Hydrogen Joint Undertaking

COM(2011) 224 final — 2011/0091 (NLE).

On 3 May 2011, the Committee Bureau instructed the Section for the Single Market, Production and Consumption to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr MANOLIU as rapporteur-general at its 473rd plenary session, held on 13 and 14 July (meeting of 13 July), and adopted the following opinion by 131 votes to 1, with 2 abstentions.

1. **Conclusions and recommendations**

1.1 The Committee endorses the decision regarding the proposal for a Council Regulation amending Regulation (EC) No 521/2008 setting up the Fuel Cells and Hydrogen Joint Undertaking, considering that boosting R&D investment by means of the amendments proposed will increase the predictability necessary for beneficiaries by introducing the option of setting a minimum funding level for a call for proposals.

1.2 By endorsing this proposal, the Committee underscores the proposed strategy's importance in terms of investment and coordinating research through the consolidation of the European Research Area.

1.3 The Committee reiterates [1] the need for the following measures:

1.3.1 procedures need to be simplified in order to reduce the negative impact of red tape on R&D programmes;

1.3.2 a broad information programme is needed to help more effectively mobilise the financial resources needed, not only industry's own contribution but also the contribution of the other legal entities participating in the activities;

1.3.3 the financing agreement between the Commission and the Fuel Cells and Hydrogen Joint Undertaking must be applied equitably and under the same conditions to the industrial and research groupings;

1.3.4 there must be no financial implications other than those set out in the budget initially adopted for this Council Regulation, and the amendments suggested must facilitate the spending of the budget planned; and

1.3.5 vocational training programmes need to be introduced to bring workers' qualifications into line with the jobs created by this joint technology initiative.

1.4 The Committee considers that a clear strategy and roadmap for 2020 are imperative.

2. **Background and general comments**

2.1 Fuel cells and hydrogen technologies are promising long-term energy options which can be used in all sectors of the economy and offer a broad range of benefits for energy security, transport, the environment and the efficient use of natural resources.

2.2 The Fuel Cells and Hydrogen Joint Undertaking:

2.2.1 aims to make Europe a global leader in fuel cells and hydrogen technologies, enabling commercial market forces to drive the substantial public benefits;

2.2.2 provides coordinated support for the Member States' research, technological development and demonstration (RTD) activities in order to reduce market failures and focus on the development of commercial applications. The Fuel Cells and Hydrogen Joint Undertaking has been operational for over

[1] OJ C 204, 9.8.2008, p. 19.

two years. An operational cycle has been completed, including calls for proposals, evaluation of proposals, negotiations on funding and concluding grant agreements ([2]);

2.2.3 supports the implementation of the RTD priorities of the joint technology initiative on fuel cells and hydrogen by granting funding (the EU's contribution amounts to EUR 470 million) on a competitive basis following calls for proposals; and

2.2.4 aims to foster an increase in public and private investment in research into fuel cells and hydrogen technologies.

2.3 The main tasks and activities of the Fuel Cells and Hydrogen Joint Undertaking are as follows:

2.3.1 to ensure that the joint technology initiative is set up and managed efficiently;

2.3.2 to ensure that research activities achieve critical mass;

2.3.3 to encourage new industrial investment at national and regional levels;

2.3.4 to stimulate innovation and the emergence of new value chains including SMEs;

2.3.5 to facilitate interaction between industry, universities and basic and applied research centres;

2.3.6 to promote the involvement of SMEs in accordance with the objectives of the Seventh Framework Programme;

2.3.7 to encourage participation by institutions from all Member States and associated countries;

2.3.8 to carry out research activities with a view to drafting new rules and standards, ensuring smooth operation and no barriers to innovation;

2.3.9 to carry out communication and dissemination activities and provide trustworthy information for the general public;

2.3.10 to commit EU funds and mobilise private-sector resources;

2.3.11 to ensure proper financial management of resources; and

2.3.12 to ensure a transparent and level playing field for all candidates, particularly SMEs.

2.4 The Fuel Cells and Hydrogen Joint Undertaking contributes to the implementation of the Seventh Framework Programme, particularly in the areas of energy, nanosciences, nanotechnologies and new production technologies, and transport including aeronautics, as set out in the specific programme on cooperation.

3. **Commission proposal**

3.1 Joint technology initiatives were introduced in the Seventh Framework Programme ([3]) under Article 187 of the TFEU as a means of establishing partnerships at European level between the public and private sectors in the area of research.

3.2 The Committee ([4]) points out that joint technology initiatives reflect the EU's strong commitment to coordinating research activities, thereby helping to consolidate the European Research Area and achieve the EU's competitiveness goals.

3.3 From the outset, in order to participate, the industrial sector has been required to make a financial contribution amounting to 50 % of the running costs and a contribution in kind to the operating costs which must at least match the Commission's financial contribution.

3.4 The Committee is disappointed to observe that as a result of the first two calls for proposals for the Fuel Cells and Hydrogen Joint Undertaking, the maximum funding levels had to be systematically evaluated and reduced for all participants: for large industries the contribution to the Joint Undertaking was cut from 50 % to 33 %, while for SMEs and research bodies it was cut from 75 % to 50 %.

3.5 These funding levels are much lower than in the Seventh Framework Programme and lower than non-European R&D programmes on fuel cells and hydrogen.

3.6 The low rates of funding and the economic and financial crisis have resulted in the current level of participation in the Fuel Cells and Hydrogen Joint Undertaking which fails to meet initial expectations.

3.7 Unless the present situation changes, the general lack of interest evinced by industry and research bodies could persist.

3.8 The present regulation does not take into account the fact that contributions from public national and regional sources to the projects are encouraged and are expected in several cases.

3.9 The new text states that the matching of EU funds shall take into account not only industry's own contribution but also that of the other legal entities participating in the activities.

3.10 In order to increase the predictability necessary for beneficiaries, the option of setting a minimum funding level for a call for proposals has been introduced.

4. **Specific comments**

4.1 The Fuel Cells and Hydrogen Joint Undertaking was established in 2008 as an initial example of public-private partnership within the SET-Plan, the technological pillar of European energy and climate policy. It is intended to speed

([2]) There are another four joint undertakings: CLEAN SKY, IMI, ARTEMIS and ENIAC.

([3]) OJ L 412, 30.12.2006.

([4]) OJ C 204, 9.8.2008, p. 19.

up the development of fuel cells and hydrogen technologies by 2010-2020. The 36 areas identified by the call for proposals aim to facilitate the development of innovative commercial applications within the five application areas:

4.1.1 transport and supply infrastructure;

4.1.2 production and distribution of hydrogen;

4.1.3 local power generation;

4.1.4 portable equipment; and

4.1.5 various multidisciplinary applications.

4.2 The joint undertaking's overall objective for the next five years is to speed up the development of fuel cells and hydrogen so that these technologies can be brought to the commercial stage and introduced into specific new markets (portable equipment, portable generators, domestic applications for combined power and heat supply, transport applications).

4.3 Fuel cells and hydrogen and joint technology initiatives are intended to identify and implement results-oriented R&D and to roll out the results of these new technologies on a large scale. The activities are based on strategic documents set out by programmes conducted by industries in the context of the European HFP Platform, particularly the implementation plan.

4.4 The European Industry Grouping for a Fuel Cell and Hydrogen Joint Undertaking, called the 'New Energy World Industrial Grouping Fuel Cell and Hydrogen for Sustainability' (NEW-IG) ([5]), is a voluntary non-profit association established under Belgian law and open to all European companies working in the area of fuel cell and hydrogen R&D. The grouping includes the EEA and candidate countries, and has an annual budget of approximately EUR 1 billion which may be invested until 2013.

4.5 The grouping clearly reaffirms its commitment to develop modular technologies which are profitable and environmentally-friendly in various areas of activity, including transport, power generation, and industrial and domestic equipment.

4.6 This ambitious vision is in line with the European objectives of an economy based on lower levels of carbon, increased security of energy supply, reduced dependency on oil, contributions to new green technologies, lasting European competitiveness and the creation of new jobs.

Brussels, 13 July 2011.

The President
of the European Economic and Social Committee
Staffan NILSSON

([5]) European Industry Grouping for a Fuel Cell and Hydrogen Joint Undertaking.