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**Recommendations to expand participation of EU and US businesses in collaborative Transatlantic Research, Technology, Development and Innovation (RTDI) projects**

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## Introduction

Transatlantic cooperation in terms of research is now well developed: bilateral US-EU flows in research and development are the most intense between any two international partners and have over the past decades considerably increased<sup>1</sup>. US and EU are two important economies, accounting for 63% of the top R&D companies, 58% of all global R&D and 18 of the top 20 knowledge regions in the world, thus presenting a strong interest in bilateral collaboration. In Europe US affiliates invested \$27.7 billion on R&D, representing 61% of total global R&D expenditures by US foreign affiliates in 2011. Meanwhile R&D spending by European affiliates in the US totaled \$33.4 billion, accounting for 75% of all R&D performed by majority-owned foreign affiliates in the US.<sup>2</sup>

Transatlantic exchanges are also visible through collaboration within various funding programs: as of February 2014, US entities participated 486 times in the last European research, technology, development and innovation funding programme (the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)) and signed grant agreements, receiving a total EU contribution of EUR 76.4 million.<sup>3</sup>

The European Commission has outlined on a number of occasions the importance that the European Union places on its relationship with the United States in research and innovation, and how much the EU and US have to offer each other, on the basis of common challenges, shared values and well-matched capabilities.<sup>4</sup> The EU-US scientific and technological agreement entered into force in 1998 and has been regularly renewed since then, as a key instrument in expanding transatlantic scientific cooperation and complementing the many bilateral arrangements with individual Member States and between individual scientists. The agreement provides a broad framework for collaboration in areas where the EU and the USA are doing some of the most advanced research in the world.

However, the focus of the transatlantic cooperation has been more importantly put on basic research and academic cooperation, whilst businesses have not tended to be heavily involved in transatlantic cooperation, with the innovation dimension also being poorly represented in the cooperation processes. There could be several causes of this lack of involvement, and notably obstacles at different stages of the collaboration process faced by US and EU businesses and organizations when collaborating internationally.

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<sup>1</sup>Cooperative Agreements and Technology Indicators (CATI) database. The U.S.-Europe alliances increased 141% from 1990 to 2006, compared with about an 80% increase in U.S.-only alliances.

<sup>2</sup>HAMILTON Daniel S., QUINLAN Joseph P., *The Transatlantic Economy 2012, Annual Survey of Jobs, Trade and Investment between the United States and Europe*, Volume 1., 2012.

<sup>3</sup> EUROPEAN COMMISSION, *Roadmaps for international cooperation, Commission staff working document*, 11 September 2014. This despite the fact that participants from the US (as an industrialised country) did not automatically receive funding from FP7, except in the Health theme of the Cooperation Programme.

<sup>4</sup> SMITS Robert-Jan, Director-General for Research of the European Commission, speech in February 2013 at the European Institute. Also Maria Cristina Russo, speech at the European Institute, Washington DC, 12 September 2013.

Such barriers are known to slow down or even hinder parties wishing to work together on an international level. Some can be overcome by the partners themselves; others would require changes on a higher political-institutional level. There is thus an urgent **need to emphasize the innovation dimension in the next EU-US STI Cooperation Agreement with a special focus on the EU-US businesses collaboration.**

This document aims to provide EU and US policy-makers with suggestions for concrete recommendations to enhance EU-US research, technology, development and innovation collaboration **involving businesses**. The objective is to propose future potential policy actions to policy-makers in order to address important barriers in such cooperation.



## Background

This document is a policy brief developed as part of the BILAT USA 2.0 project activities, and more precisely based on the work package 3 of the project, dedicated to facilitate cooperation in innovation between the USA and the EU, in particular task 3.3 which deals with strengthening the involvement of SMEs in bilateral cooperation activities.

This report is the result of a targeted **literature review** combined with various instances of sharing of experience through a dedicated workshop and direct interviews. Barriers to the involvement of businesses in EU-US research, development and innovation collaboration were primarily pre-identified through **reference documents** (see Annex 1 for detailed bibliography), notably:

- ACHESON Helena, LEON Gonzalo, *Evaluation of the EU-US Agreement on S&T 2008-2013*, March 2013.
- HORVAT Manfred, HARRAP Keith A., *Review of the Science and Technology Cooperation between the European Community and the United States of America 2003-2008*, January 2009.
- Delegation of the European Union to the USA, *Transatlantic Cooperation in the European Seventh Framework Programme for Research & Development - A Guide for U.S. Users*, December 2009.
- TABD, *Accelerating the Transatlantic Innovation Economy - Ten Innovation Policy Principles & Recommendations to Strengthen Collaboration for Innovation across the Atlantic*, revised in November 2011.

A **first report**<sup>5</sup> was produced based on this literature review, which provided an extensive overview of barriers and drivers for US and EU businesses engaged or interested in transatlantic RTDI collaboration. The list of barriers identified as being frequently encountered was classified according to three stages that project collaborations generally go through:

- (1) collaboration team identification,
- (2) collaboration project set up and finally
- (3) collaboration project implementation.

A draft of this report, was initially prepared and presented as an **input paper**, aimed to stimulate discussion during the **workshop “Accelerating EU-US Business Collaboration in Health/e-Health Research and Innovation: Opportunities, Barriers and Best Practices” held in Boston, Massachusetts, on June 20<sup>th</sup>, 2014**, that was part of the BILAT USA 2.0 project activity ([workshop report](#)). The workshop gathered a high-level audience of more than 60

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<sup>5</sup> BILAT USA 2.0 project, Input report for the Workshop “Accelerating EU-US Business Collaboration in Health/e-Health Research and Innovation: Opportunities, Barriers and Best Practices”, June 2014.

participants from the EU and the USA. In order to narrow down the wide topic of transatlantic cooperation, the workshop was designed with a focus on the health/e-health field, as this is a field of well-developed transatlantic RTDI cooperation, notably through the European Framework Programmes for Research Technological Development and Demonstration (FP – the current program being named “Horizon 2020”) and through the US National Institutes of Health (NIH) programs. In particular, it has already been stated that future initiatives for funding of EU-US STI activities could learn from best practices in health related research funding schemes that have been reciprocally open on both sides since 2009. Nevertheless, it is estimated that a major part of the results and observations stemming from this workshop can be transferred to other thematic fields.

The final aims of this workshop were to identify the main challenges faced by EU and US businesses in the process of engaging in transatlantic RTDI collaboration (through RTDI programs as well as on a more one-to-one basis) and to identify possible businesses-adapted solutions to overcome those barriers. This was accomplished through discussions and exchanges of experience with different actors, notably representatives of small and large businesses and cluster managers (and other intermediaries). The main ideas and priorities issued from workshop actors, and in particular from businesses involved in transatlantic RTDI cooperation, have been used to enrich this policy brief addressed to policy-makers to put forward recommendations for the EU-US Science & Technology Agreement update.

Amongst the barriers identified in the input paper and confirmed through the workshop, only some might be relevant or capable of being addressed by changes in public policy, **and it is those barriers that are the focus of the recommendations provided in the present document.** Although the list of barriers to cooperation identified through the preliminary analysis was extensive, **this document will focus on 6 important barriers that were confirmed during the aforementioned workshop and that could potentially be addressed specifically through policy actions.** Thus, “internal” barriers, like, for instance a businesses’ lack of international cooperation knowledge and culture will not be addressed here, even though this can of course be an important obstacle to cooperation. Moreover, although transatlantic cooperation may also be enhanced or hindered through national measures, and some of the recommendations could probably find implementation at a national and state level, this document focuses on **recommendations to be implemented at the EU institutional and political scale and at US federal level.**

## Executive summary

This document is organized as a summary of the main policy recommendations intended for EU and US policy-makers towards the strengthening of the involvement of SMEs and businesses in bilateral research, development and innovation cooperation.

In this document, recommendations are classified under 6 domains:

- Awareness of the advantages of collaboration
- Partner search tools
- Funding opportunities
- Administrative procedures
- Intellectual Property Rights
- Market regulations

Each domain encompasses a certain number of related barriers (or challenges) faced by businesses at any step of collaboration, from the “collaboration team identification stage” to the “project set up and project implementation stage”. The barriers presented in this report are not exhaustive regarding the wide range of potential barriers faced by businesses in the process of engaging and participating in transatlantic RTDI collaborative projects. This document focuses upon the most relevant barriers that could be tackled by effective *policy* measures.

Recommendations are presented as logical and adapted replies to the identified barriers. This document does not pretend to include policy actions (e.g. it does not provide details on who and how the given recommendations should be implemented), but intends to identify the scope for future actions from EU and US policy-makers and an evolution for the framework conditions for transatlantic research, development and innovation cooperation.

A seventh recommendation regarding the implementation of a Transatlantic Innovation Chamber was added to the document which does not correspond to one domain or one barrier in particular, but constitutes an innovative idea to address several barriers.

## Recommendations to enhance EU-US research, development and innovation collaboration

### 1. Reaffirm commitment to enhance EU-US RTDI collaboration and raise awareness on the benefits of such collaboration

The process of engaging in RTDI collaboration demands a certain awareness of the potential advantages and benefits of collaborating with foreign entities (businesses, research centers, universities...) amongst businesses, and specifically with European or US entities in the present case. This is especially true as SMEs often perceive international collaboration as costly and are confronted by an internal lack of skills and human resources to engage in such collaboration. Thus, they would need an important motivation and specific reasons to do so.

Moreover, some participants in the BILAT USA 2.0 workshop have argued that some EU regions might not clearly benefit from a positive image or status as an “innovative region” abroad and therefore need to better communicate and advertise on the attractions and advantages of undertaking innovation in certain locations in Europe.

There is therefore a need to raise awareness among EU and US businesses of the value of innovations and added value services offered on the other side of the Atlantic. These can sometimes be more relevant for them than national opportunities to solve their problems (e.g. specific topics of research, specific techniques and skills, access to facilities and equipment and later market access...) and hence understand the need for transatlantic research, development and innovation collaboration. It is also interesting to consider linking with other policy domains and initiatives, for example DG Enterprise is promoting the internationalisation of European clusters and is focused on enhancing international collaboration via the signing of MOU between different global clusters. Such initiatives can be used to enhance collaboration between targeted countries.

#### **BILAT USA 2.0 recommendation to EU and US policy-makers:**

- **Jointly affirm commitment at the highest political level** to enhance transatlantic RTDI collaboration and promote the benefits for transatlantic RTDI cooperation. The more visible the political support to transatlantic RTDI collaboration is, the more businesses will consider participating in such activities and feel encouraged to do so.
- **Organize awareness-raising actions**, adapted to businesses and SMEs, about the benefits and opportunities for transatlantic RTDI collaboration through all relevant channels (international networks, transatlantic events and summits, clusters, etc.). Actions can consist of better promotion of EU-US RTDI collaboration success stories through specifically business oriented channels, notably networks and intermediaries such as clusters, and dissemination of the results of transatlantic collaborations in terms of innovation, production and growth for businesses. National Contact Points under EU programs and equivalents for US programs generally also play a role in awareness-raising about the advantages of participation in programs, particularly with increased consideration for industries and SMEs, but they could also play a role in raising awareness on the advantages of transatlantic cooperation in general.



## **2. Provide better information, guidance and tools for EU and US entities to identify transatlantic RTDI partners**

One important challenge faced by businesses in the process of engaging international research, development and innovation collaboration is access to the right international partners. Indeed, the question of identifying appropriate and trusted project partners can be highly challenging for businesses and for SMEs in particular, which do not generally have a broad range of international activity, and therefore often face problems such as lack of managerial time, skills and knowledge to engage in international collaboration. Moreover, even though international RTDI projects are often engaged between partners who already know each other (often from previous projects)<sup>6</sup>, and even with few existing contacts, businesses often require other specific skills and knowledge for their project, and thus face a barrier in finding new transatlantic partners.

Although many tools, networks, and support organizations already exist with a role in assisting companies in finding partners and opportunities for collaboration, there remain two main barriers faced by businesses in the process of finding international partners:

- A lack of knowledge, information and guidance on the existence and use of collaboration partner search support tools and methods. Indeed, tools and methods designed to find international relevant partners require awareness and information about public initiatives to enhance international RTDI collaboration that businesses often lack.
- An inadequate functioning and content of partner search tools: for instance most partner search tools are EU or US-centric and focus mostly on precompetitive partnerships.
- Incentives for businesses to participate in international RDTI projects are limited or do not exist. Most of the businesses, besides lack of awareness, do not see the benefit of getting involved in transatlantic RDTI initiatives.

*For example, the Academic Drug Discovery Consortium emphasizes a global focus; however, the list of drug discovery centers on the website is predominantly US institutions. Similarly, partners within the Innovative Medicines Initiative twenty-two partners consortia are primarily EU companies and institutions.*

### **BILAT USA 2.0 recommendation to EU and US policy-makers:**

- Relevant public entities at the EU level and US federal level should ensure a **better promotion and information to businesses on the existence and functioning of international partner search tools**, and provide **guidance on establishing international partnerships**. These activities could be implemented through different means: a page on the website of the main public institutions concerned (EU: Directorate-General for Enterprise and Industry, Directorate-General for External Relations, Directorate-General for Research & Innovation ..., US: Department of State, Department of Commerce, International Trade Administration ...) that would identify these tools and provide them on a geographical and

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<sup>6</sup> See for example HORVAT Manfred, HARRAP Keith A., *Op.cit.*, p. 103, that shows that in the FP6 and FP7 programmes, “more than 80% of the projects’ [consortium] were based on existing contacts, mainly of the project Coordinators”. in projects involving US partners.

sector-search basis; to reach the specific audience of businesses, wide networks of assistance to businesses such as the Enterprise Europe Network and US Commercial Service (part of the International Trade Administration) should also circulate this information. Networks and businesses intermediaries such as clusters can also be a good medium to address requests to relevant partners and cluster mapping tools are a basis for this contact. In this regard, Helena Acheson, *Head of Unit, MFG Innovation Agency Media and Creative Industries Baden-Württemberg, Germany* and co-author of the Evaluation of the EU-US S&T Agreement in 2013, notes that “Cluster (and Network) managers are often the first contacts for international cooperation” and that “creating stronger linkages between distant clusters with complementary strengths is one of the most promising ways to get access to the most advanced technologies, best know how or prospective markets”.<sup>7</sup>

- **National Contact Points (NCPs)**, identified persons and institutes who provide advice for participation in RTDI programs, such as the Horizon 2020 NCPs established in many non-EU countries, generally play an important role in the very first steps of cooperation. They could thus play a major role regarding signposting and guidance in finding international partners. Thus, the opportunity to set up a Horizon 2020 NCP in the US as well as an equivalent US NCP regarding European participation in US programs should be considered.
- Relevant public entities from the EU and US should also **explore together the idea of developing common partner search tools dedicated to EU and US cooperation**, with a special focus on businesses. A web portal, supported by funding from both the US and European Commission, may act as a matchmaker by providing information from interested parties on either side of the Atlantic based on research interests. This portal may also provide services such as access to mentors for entities, especially SMEs that are new to international collaboration and require assistance in starting and developing a business relationship.

### **3. Development and promotion of funding opportunities for EU and US businesses in RTDI programs**

Regarding the financing of transatlantic RTDI projects, public funding opportunities offered to businesses are limited. Indeed, even though different rules of eligibility often apply based on the funding programs, RTDI funding programs are generally not open to foreign entities, and even less to foreign businesses. For example, in the European programs FP7 and Horizon 2020, access to participation for US businesses is extended but with very few opportunities for US businesses to be *funded* through the programs, except in certain fields and cases. As an exception for instance, eligibility for US businesses to participate and be funded in the context of the Health thematic calls is granted in recognition to the opening of the National Institutes of Health’ (NIH) programs to European entities.<sup>8</sup> On the European side, the lack of opportunities for EU businesses to collaborate in US RTDI programs is problematic as most US programs are only open to US businesses’ and not EU businesses, except in limited domains (especially the Health field) for which they can sometimes be financially supported. This reserve to fund foreign

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<sup>7</sup> ACHESON Helena, Presentation at the Workshop “Accelerating EU-US Business Collaboration ,in Health/e-Health Research and Innovation: Opportunities, Barriers and Best Practices” in June 20th, 2014, Boston, Massachusetts, USA

<sup>8</sup> inno TSD, *SME opportunities for EU-US collaboration in Horizon 2020 - Information guide*, BILAT USA 2.0, February 2014.

entities is understandable from each part, but the whole system consequently suffers from a lack of opportunities for transatlantic RTDI projects to access public funding.

Moreover, insufficient promotion activity is undertaken regarding respective RTDI funding programs in the EU and US towards businesses, and this is a main cause of the lack of knowledge and awareness regarding existing funding opportunities for transatlantic RTDI projects amongst businesses. Businesses and especially SMEs are particularly affected by this barrier, compared to research and education institutions, as SMEs participate more occasionally in RTDI programs and international cooperation in general.

In addition, US and EU RTDI programs can often be seen as unclear for foreign entities unfamiliar with the funding systems, with a range of different programs with different criteria for participation and eligibility. Consequently, “foreign” businesses often struggle to understand whether they are eligible for such programs.

*For example, the EC US Task Force on Biotechnology research<sup>9</sup> aims to promote information exchange and coordination in biotechnology research among programmes funded by the European Commission and various US Government funding agencies, and is notably seeking to develop synergies and common calls between the two sides in this domain.<sup>10</sup>*

#### **BILAT USA 2.0 recommendation to EU and US policy-makers:**

- EU and US policy-makers should develop common **agreements for reciprocity in public funding programs** between US and EU in general, or in restricted fields, such as with the Health sector, and to develop opportunities for funding. This should be implemented by pursuing reflection at the highest political level on restricted and priority thematic areas in which opportunities for collaborative project funding should be enhanced. The choice of thematics should be guided by shared areas of interest or common or global challenges, as well as complementary strengths and weaknesses which spark interest in cooperation, i.e. climate change, the spreading of infectious diseases, food security, production of clean and affordable energy, etc. They should also be in line with the current EU-US scientific cooperation priorities: Marine and Arctic Research, Health Research, Transportation Research and Materials Research. Working Groups established under the S&T Agreements should be used to accelerate identification of priorities in challenge-oriented areas. This strategy of focusing on **flagship topics** has indeed already been implemented under the Horizon 2020 program but should be deepened. Especially, this should then lead to develop reciprocity in public funding programs, thus increasing opportunities for funding, and the willingness to participate for foreign entities.
- **Explore the use of new funding schemes to develop opportunities** and especially to develop more RTDI funding systems based on a “no-exchange” principle, also known as “exclusive collaboration” in which each party funds its own project partners (US partners are funded by US public funds and European partners by EU funds). This would lead to

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<sup>9</sup> Since 1990, the EU-US Task Force on Biotechnology Research has been coordinating transatlantic efforts to promote research on biotechnology and its applications for the benefit of society. The Task Force was established in June 1990 by the European Commission and the White House Office of Science and Technology.

<sup>10</sup> EUROPEAN COMMISSION, *Roadmaps for international cooperation, Commission staff working document*, 11 September 2014.

developing opportunities for transatlantic collaboration funding, ensure that both EU and US partners receive adequate funding to fully participate in the collaboration, and also simplify administrative procedures for external partners. Indeed, for political reasons it is very challenging to publicly fund entities on the other side of the Atlantic, especially commercial businesses. Also in order not to adversely impact the entire collaboration infrastructure, governments should establish transatlantic collaborative RTDI programs in the domains mutually beneficial for EU and USA; however public funding must be sourced from respective countries supporting their own entities to avoid funding foreign entities. This is also a recommendation made in the Evaluation of the EU-US Agreement on S&T published in 2013.<sup>11</sup> For example, in the transportation research cooperation currently implemented, **synchronized calls for proposals** were identified as the preferred cooperation modality, combining focus and flexibility.<sup>12</sup> Indeed the approach of synchronized calls has been successfully used in EU ERANET projects between different EU Member States or regional partners.

- EU and US respective programs and joint calls should better encourage businesses to participate in RTDI transatlantic cooperation by **explicitly requiring participation from businesses in the projects**. Indeed innovation happens when inventions from research labs are transformed into marketable products and services which makes economic and social impact on the society, thus contributes to economic development and lives of citizens for the better. Businesses play an important and critical role in this process. Therefore businesses complete the life cycle of RTDI. This can be accomplished by close collaboration of academic institutions and government research labs with businesses. Thus, most of transatlantic research collaboration should have the dimension of social and economic impact as a goal which requires participation of businesses at the early stages of research and development cycles of the projects.
- Governments on both sides of the Atlantic should introduce **incentive programs to SME and large businesses, to participate in collaborative RDTI projects** such as tax benefits, public funding and ease of Intellectual Property (IP) regulations.
- **Realize a broader and business-oriented promotion of opportunities for EU or US businesses** to get involved in collaborative projects and be funded through respective RTDI funding programs. Awareness-raising activities could include a promotion and information about opportunities on public official websites, in events such as businesses and sectoral summits, the organization of information days, and through business networks and clusters.

#### **4. Simplify and harmonize administrative procedures in EU and US RTDI programs to reduce administrative burden**

EU and US public funding programs provide a good framework for the financing of transatlantic collaborative projects. However, a high administrative burden can clearly discourage US and EU businesses' participation in funding programs, particularly amongst SMEs, as it demands an investment of time and effort, as well as specific skills, especially to fill in the required paperwork (i.e. initial agreements, technical and financial reporting, etc.).

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<sup>11</sup> ACHESON Helena, LEON Gonzalo, *Evaluation of the EU-US Agreement on S&T 2008-2013*, March 2013.

<sup>12</sup> EUROPEAN COMMISSION, *Roadmaps for international cooperation, Commission staff working document*, 11 September 2014.

During the last Joint S&T Committee meeting between the EU and the US, both sides agreed that progress on reciprocal understanding of legal, administrative and financial issues of Horizon 2020 as well as relevant US programs was needed.<sup>13</sup> Efforts have already been made in this regard, for example on the European Commission's side to facilitate the US participation in the current Framework Programme Horizon 2020, but should be continuously pursued through innovative solutions.

Also, the harmonization of procedures would clearly help cooperation partners to identify suitable programs to apply to: currently the application procedures, as well as requirements for monitoring and reporting during a project implementation phase are not the same in EU and US programs which means that participants from the other side of the Atlantic often struggle with the jungle of unknown procedures – which may even hinder collaboration, e.g. regarding application of IPR rules, conditions for Consortium or Grant agreements, etc.

*This barrier was frequently mentioned by industrial participants during the BILAT USA 2.0 workshop.*

*For example a case of collaboration involving a European academic researcher willing to test a technology studied by a US biotechnology firm, in its own biological system, was highlighted during the workshop. In this case, legal negotiations were conducted but were never completed, partly due to the lack of sample legal contracts from which to base discussions and due to the divergence between different administrative and legal systems.*

*Another case of collaboration was highlighted during the workshop, funded under the EU's Seventh Framework Programme for research, technological development and demonstration activities, in which a French firm had the opportunity to collaborate with an US research institute. The speaker especially regretted the lack of common documentation faced by the coordinator of such a project involving US partners, which according to him becomes further evident during the money transfer stage.*

#### **BILAT USA 2.0 recommendation to EU and US policy-makers:**

- Reduce and simplify administrative procedures of project building and public financing through basic **common rules**, towards a harmonization of financial provisions in EU and US RTDI programs.
- Create common and **globally-agreed standard documents** to facilitate international procedures, matchmaking, project consortium, and mentoring especially in the cases of transatlantic exchange involving US or EU businesses.
- Create **samples of administrative documents** for each program to be filled in and adapted by partners (e.g. agreements).
- **Also explore the use of co-funded schemes** or “exclusive collaboration”, in which each part funds its own project partners and thus financial reporting does not raise problems such as a lack of harmonization of procedures and requirements. Indeed, with such schemes, financial, IPR and reporting regulations can be governed by and at respective countries.

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<sup>13</sup> EUROPEAN COMMISSION, *Roadmaps for international cooperation, Commission staff working document*, 11 September 2014.

## **5. Harmonize and clarify Intellectual Property Rights regulations and requirements**

EU and US businesses and other entities are used to their own country's law and culture regarding IPR and patent systems. Also most of the businesses want to retain the foreground IP they are generating on the project for commercial reasons. IPR rules are a key strategic matter in RTDI projects, with a strong desire from the partners to correctly protect their interests. Therefore, the process of agreeing a common definition of IPR rules for collaboration is often a sensitive one. Project participants need to commonly define acceptable rules in their agreement in terms of protection of foreground (i.e. results of the project), dissemination of foreground (delay of dissemination, reasons to object to dissemination from another partner, etc.), license ownership, access rights to foreground (i.e. rights of consortium members to obtain on demand information regarding the results of another participant, for use or not), etc. Collaborations are frequently stopped or delayed on this issue.

As with other aspects such as taxes or market regulations businesses require a stable environment where changes are few and infrequent. Changes and in particular IP conditions can have a fundamental impact on business profitability and even business survival. As such they represent a major challenge regarding a decision to invest or not in transatlantic (and other forms) of collaborative RTDI.

*For example, one of the participants in the workshop particularly saw challenges related to the differences in how Intellectual Property Rights are handled in the US compared to the EU. Indeed, in the EU patent protection is delivered to first patent filer and product commercialization can only start after patent deposit whereas in the US patent is delivered to the first patent filer who must also be inventor with the possibility of commercialization up to one year ahead of patent deposit (i.e. grace period).*

*This challenge was cited by many participants in the workshop and seems to represent a real barrier to transatlantic collaboration.*

### **BILAT USA 2.0 recommendation to EU and US policy-makers:**

- Work on the **harmonization of regulations and systems regarding IPR**, to help project partners finding mutually acceptable solutions. The Transatlantic Trade and Investment Partnership (TTIP) could play a role in tackling this challenge.<sup>14</sup>
- In the meantime, providing **clear information** and an “official overview” of differences so partners can have concrete information on the subject. The European IPR Helpdesk in the EU as well as its US equivalent could play this role. They would need to be better promoted and also to be in charge of information services to foreign businesses.
- Each participant should retain their foreground IP, and any **joint ownership of IP, due to complicated rules, should be avoided**. Rigid dissemination rules also hinder participation of businesses, such as requirement to first commercialize the results at the country where research was funded and should thus be avoided.

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<sup>14</sup> RUSSO Maria Cristina, speech at the European Institute, Washington DC, 12 September 2013.

## 6. Harmonize and clarify differences in terms of market regulations

Differences in regulatory and notably consumer regulations for different markets emerge as a real challenge to EU and US businesses involved in transatlantic RTDI collaboration, once the business team is in the midst of research and product development. Often there are specific requirements that must be met in order to enter markets in the EU and the US, and that can harm collaboration, notably in case of need for trials, or transfer of materials in research projects. Thus, companies working together to create a product to deliver to market continuously need to investigate and consider separate requirements, from the first steps of collaboration onwards, and from research to development and innovation.

*For example, a case of collaboration was highlighted during the workshop in which a US biotech company hired a contract research organization in the EU to run its research and development projects, but finally had to open an office in the EU to guarantee full transparency in the project, better understand the reality of the local market and to facilitate successful inputs of collaboration. Another participant argued that regulations were an important challenge, and notably in her sector, as the data protection in drug regulations were an important issue in the relationships of RTID collaboration.*

### **BILAT USA 2.0 recommendation to EU and US policy-makers:**

- Continuously work towards **harmonizing EU and US regulatory, standards, and customer requirements for different markets** by continuing transatlantic dialog on harmonization when relevant. The Transatlantic Trade and Investment Partnership (TTIP) could enhance research and innovation cooperation by tackling this challenge<sup>15</sup>, and addressing the research and innovation dimension. The transatlantic innovation framework conditions are indeed expected to improve in the future through the TTIP currently under negotiation.<sup>16</sup> In the US, the Transatlantic Economic Council (TEC)'s workplans also focus attention on helping eliminate trade barriers, harmonize standards, and develop market access for both economies.<sup>17</sup>
- **Provide transparent information on potential differences in rules between the US and EU markets** to facilitate cooperation; some official guidelines for the specific case of transatlantic cooperation would certainly be helpful. Some domains seem to be particularly critical regarding the clarification of these differences such as the Health and Biotechnology sectors, with specific concerns regarding trials.
- **Facilitate activities that would help businesses to better understand the nature and regulation of each market.** For instance, in some cases European clusters have opened representative offices to enable their SMEs to have access to an office and physical presence when conducting international activities and this kind of activity could be encouraged by policy measures. This could also be a way for policy-makers to facilitate the establishment of overseas liaison offices that would make a bridge to the other side of the Atlantic. Finally,

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<sup>15</sup> RUSSO Maria Cristina, speech at the European Institute, Washington DC, 12 September 2013.

<sup>16</sup> EUROPEAN COMMISSION, *Roadmaps for international cooperation, Commission staff working document*, 11 September 2014.

<sup>17</sup> <http://www.state.gov/p/eur/rt/eu/tec/c33533.htm>

transatlantic interclustering as well as twinning schemes between US and EU businesses or clusters could be encouraged to enable businesses to access information on respective markets.

## **7. The idea of a Transatlantic Innovation Chamber, addressing different barriers**

This cross-barrier idea was discussed during the previously mentioned BILAT USA 2.0 workshop and is also addressed in relevant literature, with the attribution of varying goals and activities.

During the workshop, such a structure was mentioned with the objective of **improving transatlantic technology transfer between academia and industry**, with the idea that for an efficient technology transfer, a single structure could centralize technology transfer, linking the EU and US. It was suggested that such structure could be based on existing organizations, for example in the US on Massachusetts Biotechnology Council and in Europe on Inserm Transfert or an equivalent institution.

In 2011, the Transatlantic Business Dialogue (TABD) mentioned in its paper “Accelerating the Transatlantic Innovation Economy”<sup>18</sup> the idea of establishing a non-profit cross-Atlantic research and development facility, which would be called “Transatlantic Research and Development Institute” (TRDI), that could serve the purpose of enhancing the transatlantic research, development and innovation cooperation, acting as a foundation for transatlantic harmonization of research and development policies, and developing activities related to cost-sharing or Intellectual Property Rights.

Such a dedicated structure could thus encompass different goals, yet remains focused on the global objective of enhancing transatlantic research, development and innovation cooperation, and centralize different activities linked to his goal.

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<sup>18</sup> TABD, *Accelerating the Transatlantic Innovation Economy - Ten Innovation Policy Principles & Recommendations to Strengthen Collaboration for Innovation across the Atlantic*, November 2011 – Revision.



## Conclusion

Transatlantic research, development and innovation cooperation should remain a top priority on both sides of the Atlantic. It is now well-developed but it appears important to enhance and develop industry and businesses at the heart of this cooperation in the very near future through appropriate businesses-oriented policy measures.

This document, edited by the BILAT USA 2.0 project team, proposes certain recommendations for actions regarding the evolution of the US-EU research, development and innovation cooperation framework to tackle this significant challenge of bringing more large companies and SMEs into transatlantic collaboration, for their own interest, the interest of their respective economies, and for the interest of all when it comes to meeting global challenges.

It is suggested to policy organizations or institutions from both sides of the Atlantic to try to overcome the various aforementioned barriers as priorities for policy-makers and to consider the recommendations made by the BILAT USA 2.0 project team, in accordance with propositions that emerged from the workshop “Accelerating EU-US Business Collaboration in Health/e-Health Research and Innovation: Opportunities, Barriers and Best Practices” held in Boston, Massachusetts, on Friday June 20<sup>th</sup>, 2014.



## Appendices

### **ABOUT BILAT USA 2.0**

BILAT USA 2.0 is a project funded by the European Commission under the Seventh Framework Programme (FP7) and is the successor of the first BILAT USA project.

The BILAT USA 2.0 project aims to enhance STI collaboration between the EU and US. International cooperation in research and innovation has the potential to multiply the return on investment gained from domestic public expenditure.

Within this context, the BILAT USA 2.0 project has three main goals:

- supporting the political dialogue within the framework of the STI cooperation agreement between the EU and the USA
- enhancing cooperation between scientists and innovation actors on both sides and spreading information on funding possibilities
- analyzing the state-of-the-art and the progress of science and technology cooperation.

Among the project activities is one with a specific focus on “Fostering innovation partnerships” which aims to support EU-US business collaboration.

The project focuses on four priority collaboration fields, which are Health, Transport, Marine & Arctic Sciences and Nanosciences, Nanotechnologies, Materials and New Production Technologies (NMP).

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