# Council Regulation (EU) No 560/2014 of 6 May 2014 establishing the Bio-based Industries Joint Undertaking (Text with EEA relevance)

## COUNCIL REGULATION (EU) No 560/2014

## of 6 May 2014

## establishing the Bio-based Industries Joint Undertaking

## (Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 187 and the first paragraph of Article 188 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the European Economic and Social Committee[(1)],

Whereas

(1) Public-private partnerships in the form of Joint Technology Initiatives were initially provided for in Decision No 1982/2006/EC of the European Parliament and of the Council[(2)].

(2) Council Decision 2006/971/EC[(3)] identified specific public-private partnerships to be supported.

(3) Regulation (EU) No 1291/2013 of the European Parliament and of the Council[(4)] established Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020) ('Horizon 2020'). Horizon 2020 aims to achieve a greater impact with respect to research and innovation by combining Horizon 2020 and private-sector funds in public-private partnerships in key areas where research and innovation can contribute to the Union's wider competitiveness goals, leverage private investment and help tackle societal challenges. Those partnerships should be based on a long-term commitment, including a balanced contribution from all partners, be accountable for the achievement of their objectives and be aligned with the Union's strategic goals relating to research, development and innovation. The governance and functioning of those partnerships should be open, transparent, effective and efficient and give the opportunity to a wide range of stakeholders active in their specific areas to participate. In accordance with Regulation (EU) No 1291/2013, Union involvement in those partnerships may take the form of financial contributions to joint undertakings established on the basis of Article 187 of the Treaty on the Functioning of the European Union (TFEU) pursuant to Decision No 1982/2006/EC

**Changes to legislation:** *There are currently no known outstanding effects for the Council Regulation (EU) No 560/2014. (See end of Document for details)*

(4) In accordance with Regulation (EU) No 1291/2013 and Council Decision 2013/743/EU[(5)], support may be provided to joint undertakings established in the framework of Horizon 2020 under the conditions specified in that Decision.

(5) Commission Communication entitled 'Europe 2020 A Strategy for smart, sustainable and inclusive growth' (the 'Europe 2020 strategy'), endorsed by the European Parliament and the Council, emphasises the need to develop favourable conditions for investment in knowledge and innovation so as to achieve smart, sustainable and inclusive growth in the Union.

(6) The Bio-based Industries Consortium (the 'BIC') developed a vision paper and a Strategic Innovation and Research Agenda, based on extensive consultation with public and private stakeholders. The Strategic Innovation and Research Agenda describes the main technological and innovation challenges that need to be overcome in order to develop sustainable and competitive bio-based industries in Europe and identifies research, demonstration and deployment activities to be carried out by a Joint Technology Initiative on Bio-based Industries (the 'BBI Initiative').

(7) BIC is a non-profit organisation that was created to represent the industry group that supports the BBI Initiative. Its members cover the entire bio-based value chain and consist of large industries, small and medium-sized enterprises (SMEs), regional clusters, European trade associations, and European Technology Platforms. The aim of BIC is to ensure and promote the technological and economic development of the bio-based industries in Europe. Any interested stakeholders along the bio-based value chain may apply for membership. It applies general principles of openness and transparency regarding membership, ensuring a wide industrial involvement.

(8) Any eligible institution may become a participant or a coordinator in the selected projects.

(9) The Commission Communication of 13 February 2012 entitled 'Innovating for Sustainable Growth: A Bioeconomy for Europe', and in particular its Action Plan, calls for a public- private partnership to support the establishment of sustainable and competitive bio-based industries and value chains in Europe. In view of the move towards a post-petroleum society, the Communication aims to integrate better biomass producing and processing sectors in order to reconcile food security and natural resource scarcity and environmental objectives with the use of biomass for industrial and energy purposes.

(10) The Commission Communication of 10 October 2012 entitled 'A Stronger European Industry for Growth and Economic Recovery' confirms the strategic importance of bio-based industries for the future competitiveness of Europe, as identified in the Commission Communication of 21 December 2007 entitled 'A lead market initiative for Europe', and stresses the need for the BBI Initiative.

(11) Bio-based Industries and their value chains are facing complex and substantial technology and innovation challenges. As a nascent sector, bio-based industries have to overcome the dispersion of technical competences and the limited publicly-available data on real resource availability in order to build sustainable and competitive value

***Changes to legislation:** There are currently no known outstanding effects for the Council Regulation (EU) No 560/2014. (See end of Document for details)*

chains. In order to tackle those challenges, critical mass has to be achieved in a focused and coherent way at European level in terms of scale of activity, excellence, and potential for innovation.

(12) The BBI Initiative should mitigate the different types of market failures that discourage private investment into pre-competitive research, demonstration and deployment activities for bio-based industries in Europe. In particular, it should ascertain the availability of reliable biomass supply taking into account other competing social and environmental demands, and support the development of advanced processing technologies, large scale demonstration activities and policy instruments, thus reducing the risk for private research and innovation investment in the development of sustainable and competitive bio-based products and biofuels.

(13) The BBI Initiative should be a public-private partnership aiming at increasing investment in the development of a sustainable bio-based industry sector in Europe. It should provide environmental and socioeconomic benefits for European citizens, increase the competitiveness of Europe and contribute to establishing Europe as a key player in research, demonstration and the deployment of advanced bio-based products and biofuels.

(14) The objective of the BBI Initiative is to implement a programme of research and innovation activities in Europe that will assess the availability of renewable biological resources that can be used for the production of bio-based materials, and on that basis support the establishment of sustainable bio-based value chains. Those activities should be carried out through collaboration between stakeholders along the entire bio-based value chains, including primary production and processing industries, consumer brands, SMEs, research and technology centres and universities.

(15) The ambition and scope of the objectives of the BBI Initiative, the scale of the financial and technical resources that need to be mobilised, and the need to achieve the effective coordination and synergy of resources and funding, require the involvement of the Union. Therefore, a Joint Undertaking for the implementation of the Joint Technology Initiative on Bio-based Industries (the 'BBI Joint Undertaking') should be established as a legal entity.

(16) The objective of the BBI Joint Undertaking should be achieved by means of supporting research and innovation activities by using resources from the public and private sectors. To this end, the BBI Joint Undertaking should organise calls for proposals for supporting research, demonstration and deployment activities.

(17) To achieve maximum impact, the BBI Joint Undertaking should develop close synergies with other Union programmes in areas such as education, environment, competitiveness and SMEs, and with the Cohesion Policy funds and Rural Development Policy, which can specifically help to strengthen national and regional research and innovation capabilities in the context of smart specialisation strategies.

(18) Horizon 2020 should contribute to the closing of the research and innovation divide within the Union by promoting synergies with the European Structural and Investment Funds (ESIF). Therefore, the BBI Joint Undertaking should seek to develop close

**Changes to legislation:** *There are currently no known outstanding effects for the Council Regulation (EU) No 560/2014. (See end of Document for details)*

interactions with the ESIF, which can specifically help to strengthen local, regional and national research and innovation capabilities in the area of the BBI Joint Undertaking and underpin smart specialisation efforts.

(19) The founding members of the BBI Joint Undertaking should be the Union and BIC.

(20) The rules for the organisation and operation of the BBI Joint Undertaking should be laid down in the Statutes of the BBI Joint Undertaking as part of this Regulation.

(21) BIC has expressed, in writing, its agreement to pursue the research activities in the area of the BBI Joint Undertaking within a structure well adapted to the nature of a public-private partnership. It is appropriate that BIC accedes to the Statutes set out in the Annex to this Regulation by signing a letter of endorsement.

(22) In order to achieve its objectives, the BBI Joint Undertaking should provide its financial support to the actions by means of open and transparent procedures, mainly in the form of grants to participants following open and competitive calls.

(23) Contributions from the members other than the Union should not be limited to the administrative costs of the BBI Joint Undertaking and to the co-financing required to carry out research and innovation actions supported by the BBI Joint Undertaking. Their contributions should also cover to additional activities to be undertaken by the members other than the Union, as specified in an additional activities plan. In order to get a proper overview of the leverage effect of those additional activities, they should represent contributions to the broader BBI Initiative.

(24) Participation in indirect actions funded by the BBI Joint Undertaking should comply with Regulation (EU) No 1290/2013 of the European Parliament and of the Council[(6)]. The BBI Joint Undertaking should, moreover, ensure the consistent application of those rules based on relevant measures adopted by the Commission.

(25) The BBI Joint Undertaking should also use electronic means managed by the Commission to ensure openness, transparency and facilitate participation. Therefore, the calls for proposals launched by the BBI Joint Undertaking should also be published on the single portal for participants, as well as through other Horizon 2020 electronic means of dissemination managed by the Commission. Moreover, relevant data on, inter alia, proposals, applicants, grants and participants should be made available by the BBI Joint Undertaking for inclusion in the Horizon 2020 reporting and dissemination electronic systems managed by the Commission, in an appropriate format and with the periodicity corresponding to the Commission's reporting obligations.

(26) The Union's financial contribution to the BBI Joint Undertaking should be managed in accordance with the principle of sound financial management and with the relevant rules on indirect management set out in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council[(7)] and Commission Delegated Regulation (EU) No 1268/2012[(8)].

(27) For the purpose of simplification, the administrative burden should be reduced for all parties. Double audits and disproportionate amounts of documentation and reporting

should be avoided. Audits of recipients of Union funds under this Regulation should be carried out in compliance with Regulation (EU) No 1291/2013.

(28) The financial interests of the Union and of the other members of the BBI Joint Undertaking should be protected through proportionate measures throughout the expenditure cycle including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU, Euratom) No 966/2012.

(29) The Commission's internal auditor should exercise the same powers over the BBI Joint Undertaking as those exercised in respect of the Commission.

(30) In view of the specific nature and the current status of the joint undertakings, and to ensure continuity with the Seventh Framework Programme, the joint undertakings should continue to be subject to a separate discharge. By way of derogation from Article 60(7) and Article 209 of Regulation (EU, Euratom) No 966/2012, discharge for the implementation of the budget of the BBI Joint Undertaking should therefore be given by the European Parliament on the recommendation of the Council. Hence, the reporting requirements set out in Article 60(5) of Regulation (EU, Euratom) No 966/2012 should not apply to the Union financial contribution to the BBI Joint Undertaking, but they should be aligned to the extent possible to the ones foreseen for bodies under Article 208 of Regulation (EU, Euratom) No 966/2012. The auditing of accounts and of the legality and regularity of the underlying transactions should be undertaken by the Court of Auditors.

(31) The BBI Joint Undertaking should operate in an open and transparent way providing all relevant information in a timely manner to its appropriate bodies as well as promoting its activities, including information and dissemination activities, to the wider public. The rules of procedure of the bodies of the BBI Joint Undertaking should be made publicly available.

(32) In order to facilitate its establishment, the Commission should be responsible for the establishment and initial operation of the BBI Joint Undertaking until it has the operational capacity to implement its own budget.

(33) Given the aim of Horizon 2020 to achieve greater simplification and coherence, all calls for proposals by the BBI Joint Undertaking should take into account the duration of Horizon 2020.

(34) Since the objective of this Regulation, namely the strengthening of industrial research and innovation across the Union by means of the implementation of the BBI Joint Initiative by the BBI Joint Undertaking, cannot be sufficiently achieved by the Member States, but can rather, by reason of avoiding duplication, retaining critical mass and ensuring that public financing is used in an optimal way, be better achieved at the Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,