SUMMARY BRIEFING

# The "innovation principle":

# Industry's attack on EU environmental & public health safeguards

**Contact:** Nina Holland, **Corporate Europe Observatory**, Brussels
**nina@corporateeurope.org**, +32 466 294420

The upcoming EU Parliament vote on the Horizon Europe regulation (Strasbourg session, Wednesday 12 December) will see members of the EU Parliament deciding on a so-called "innovation principle" for the first time. This "principle" has been conceptualised and pushed by the chemical, tobacco, and fossil fuel industries, which are trying to undermine EU environmental and public health protections as well as the precautionary principle, and aim to secure vast EU funding for their R&D needs. **We call on MEPs to reject the "innovation principle" in the Horizon Europe Regulation and Decision.**

## What is the "innovation principle"?

The "innovation principle" presents a new form of impact assessment to ensure that "*whenever policy or regulatory decisions are under consideration the impact on innovation should be assessed and addressed".* It is *not* a principle of law, but a tool designed to create more leverage for business interests in the early phase of decision making.

## Who is behind it?

The "innovation principle" was launched by industry lobby group The European Risk Forum (ERF)*****, with support from BusinessEurope and the European Roundtable of Industrialists (ERT). ERF members mainly come from the chemical, fossil fuel and tobacco sectors.*

All of these industry lobby groups have been promoting this new invention through a high-pressure lobby campaign that included an avalanch of meetings as well as email correspondence with Commission officials in numerous DGs. The ERF also organised events and had high-level access to at least three EU Presidencies (Malta, The Netherlands, Bulgaria), despite its representation of the tobacco industry. The documents we have obtained also show that specific targets of the "innovation principle" include REACH (the EU chemical package), food regulations and nano regulations.

## What is at stake?

### EU environmental and public health safeguards

In contrast to its stated goal, the documents released to Corporate Europe Observatory by the EU Commission show that the industry architects of the "innovation principle" actually aim to weaken EU chemicals regulation (REACH) as well as EU rules for novel foods, nano materials, pharmaceuticals, medical devices and biotechnologies. The aim is to establish it as a strong counterweight “balancing” the precautionary principle and other Treaty-based articles on consumer and human health protection.

Such a severe boost of industry’s influence over key EU environment and public health safeguards would pose a grave risk to the public interest and would exacerbate the prioritisation of corporate interests in the EU’s legislative processes.

While the ERF now claims that the “innovation principle” can stand alongside the precautionary principle, they used to insist that the precautionary principle would be “inconsistent with scientific approaches to policy-making and does not sufficiently take account of economic efficiency” (see Smith et al).

**EU research funding for projects tackling broader societal needs**

**More immediately, the “principle’s” adoption in *HorizonEurope* would risk to force an orientation purely towards technological innovation onto all EU-funded research projects, against civil society demands that this money (working budget: 100 billion euros between 2021 & 2027, the 3d largest EU budget) be used for research projects tackling broader societal needs.**

## <u>How the “innovation principle” is making its way into the EU rulebook</u>

**December 2015.** The “innovation principle” first made its appearance in a staff working document of DG Research. The one single source of the term and concept at the time was a position paper by BusinessEurope, ERT and ERF, which leaves little doubt that the Commission took it straight from there.

**January – June 2016**. The Dutch Presidency pushed hard for the “innovation principle” to be included in the Competitiveness Council conclusions in May 2016. In January 2016 it was the central topic of a high-level conference organised by the European Risk Forum and BusinessEurope “in cooperation with the Dutch Presidency”.

Trade union ETUC responded with a warning, saying that the innovation principle would harm social legislation. https://www.etuc.org/en/pressrelease/beware-innovation-principle

**June 2016**. The Commission’s in-house think tank EPSC published a Strategic Note in June 2016 constructing a legal basis for the “innovation principle”. This Note uses word for word the same definition as the 2015 position paper by industry,“*.. ensuring that whenever policy is developed, the impact on innovation is fully assessed”,* while failing to make any reference to the industry origin of this “principle”.

What is more, the EPSC told CEO that zero documents exist around its Strategic Note or the “innovation principle”. This immaculate conception appears very odd, since any EPSC Strategic Notes require a mandate from President Juncker, necessitating at least some internal communication.

**July 2017.** DG Research took the May 2016 Competitiveness Council conclusions as a mandate to implement the “innovation principle”. They did this by setting up an Innovation

Principle Taskforce that developed a so-called “Research & Innovation Tool” (published July 2017), which contains many elements from the industry position paper incl. The need for flexibility, cost of compliance, alternatives – effectively the impact assessment tool, which industry had been asking for. The DG Research Innovation Principle will screen “future initiatives to identify those where the innovation principle could be implemented.”

**Present.** DG Research introduced the “innovation principle” in the draft Horizon Europe Regulation, which will set the terms for the next 160 billion euro EU research funding programme and will be voted on in the 12 December plenary EU Parliament plenary

## Need for an “innovation principle”?

There is no need for an “innovation principle” as it has been conceived. Innovation happens all the time, and the right kind of innovation (in the public interest, in line with policy coherence, eg the UN Sustainable Development Goals) can and should be promoted through specific policies and funding. With no qualifier provided for “innovation”, anything goes, as researchers at the Catholic University of Louvain la Neuve have pointed out, criticising the open-ended way in which the “innovation principle” has been defined.

The EU already only springs into prohibitive action when products pose a risk to the environment or human health and would eg violate crucial safety standards if authorised. As it stands, these social and environmental protections or the precautionary principle in no way pose an unnecessary burden on industries that would need to be “balanced” via an “innovation principle” of industry’s own making.

Rather than foster innovation, the so-called “innovation principle” could even hinder innovation by keeping old (and possibly harmful) products on the market as a result of having weakened existing legislation under revision.

## Conclusion

The “innovation principle” is a covert attempt at counteracting EU social and environmental safeguards as well as the precautionary principle. Its origin is crucial to keep in mind: it was a lobby group combining the efforts of the tobacco, chemical and fossil fuel industries. Innovation is very much needed to deal with the societal and environmental challenges ahead, but an industry-invented lobbying tool that jeopardises the EU’s social and environmental safety standards is certainly not the way to foster this innovation.

This would be the first time this "principle" appears in EU legislation, lending it credibility despite its risk of causing considerable damage across all fields of legislation. Passing the “principle” would establish a new instrument for extra business-friendly impact assessments, to be applied whenever new EU legislation or reforms of existing rules are proposed.

***** *Further information on the European Risk Forum:*

The ERF was initially a working group of the European Policy Centre with strong involvement of British American Tobacco, and according to this paper by Katherine Smith et al. fought against smoking bans. In addition, the ERF is also known to have funded travel costs of a small group of scientists who have consistently tried to undermine DG Environment's work on the scientific identification of hormone-disrupting chemicals (endocrine disruptors).

Lobby consultancy FIPRA, whose International Chairman Robert Madelin previously worked as special adviser to Commission President Juncker and in this role strongly supported the introduction of the "innovation principle", hosts the ERF in its offices.

ERF has counted British American Tobacco (BAT), Philip Morris (1), Dow, BASF, Bayer/Monsanto, and Chevron among its members, and the tobacco companies were among the ERF's founding members and enjoyed uninterrupted membership during the last 13 years.

After CEO submitted Freedom of Information requests to the European Commission, the tobacco companies were removed from the ERF membership list, and others were added.

It is important to note that the tobacco industry keeps getting high-level access to EU decision makers through fora like the European Risk Forum, although it is effectively hindered from lobbying (UN Tobacco Framework Convention, Art. 5.3) and not supposed to get privileged access to policy-makers.