

EU - BUILDING AN INNOVATION UNION

The Innovation Union and its implication in the EU-US cooperation

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Globalisation of knowledge

Declining EU share of knowledge production

Evolution of World R&D expenditure in real terms, PPS€ at 2000 prices and exchange rates, 1995-2008

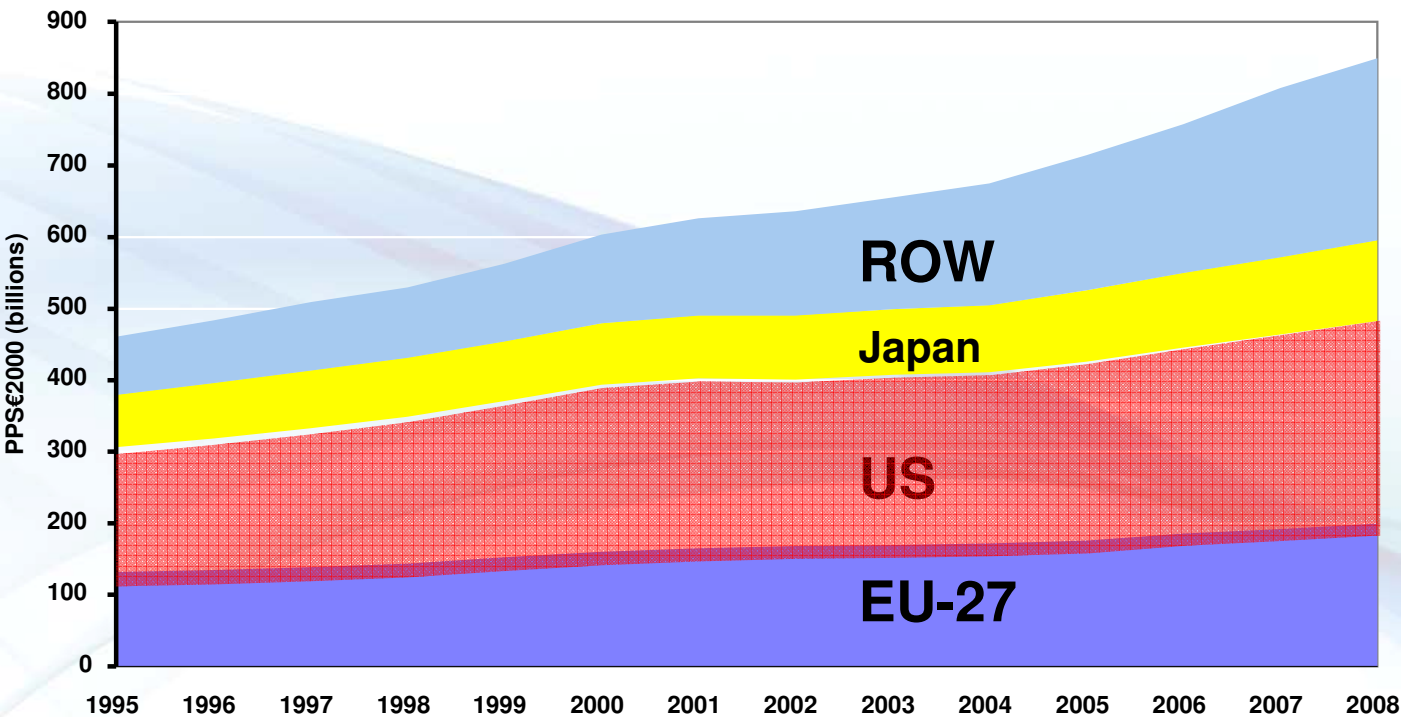
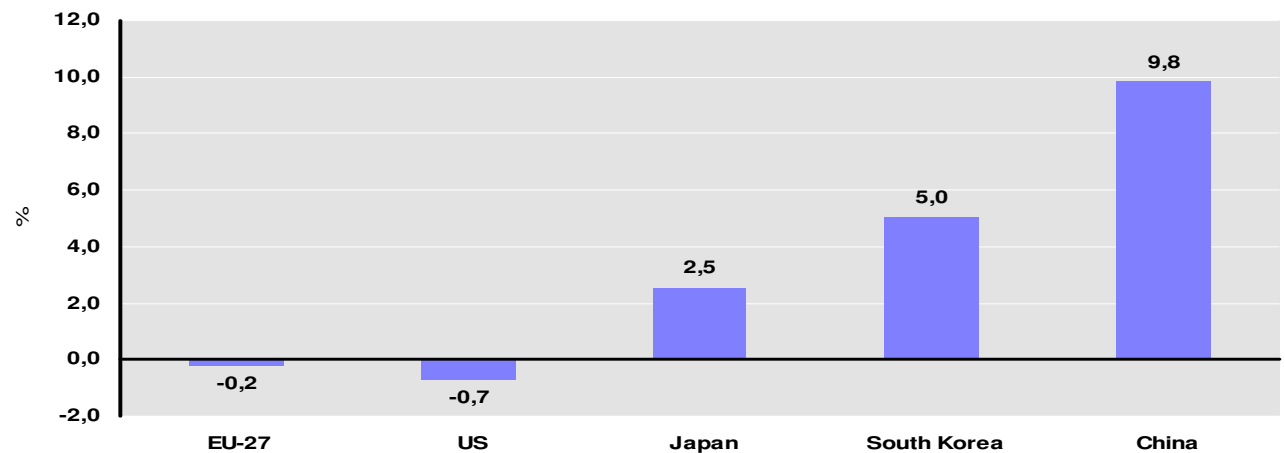


Figure Private Expenditure on R&D as % of GDP ⁽¹⁾ - average annual growth (%) in the major economies, 2000-2007 ⁽²⁾



Stagnating business R&D

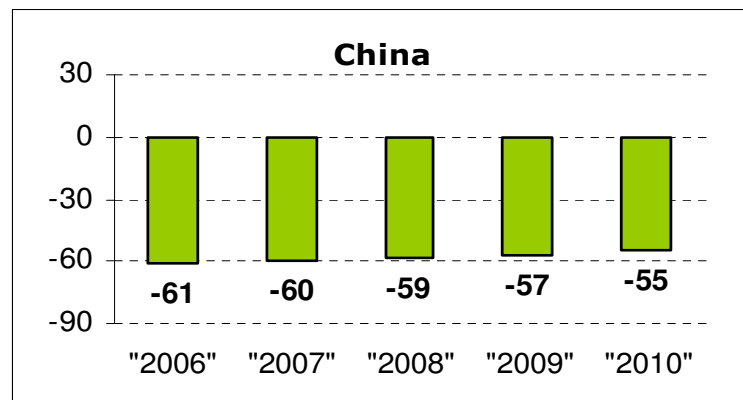
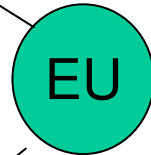
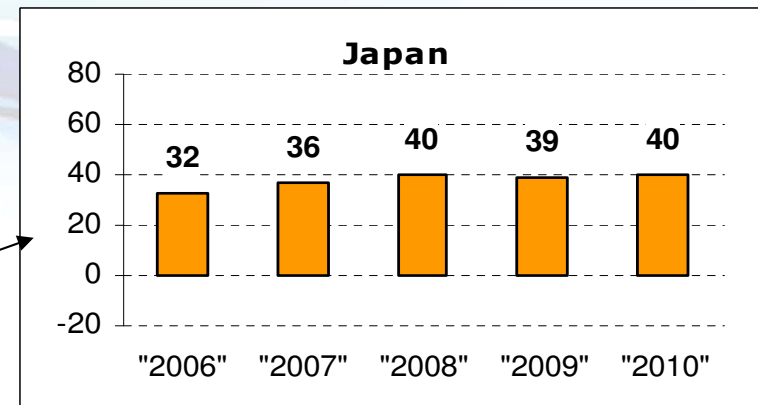
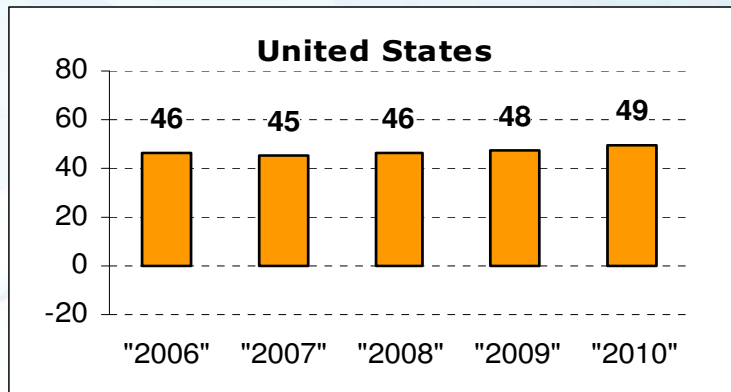
Average annual growth as % of GDP, EU-27, US, Japan, South Korea & China, 2000-2007



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Innovation gap with US and Japan, emerging countries catching up



Percentage gaps between EU performance (0) and other countries across 12 indicators. Other countries, such as India and Brazil, are developing fast.

Source: 2010 Innovation Union Scoreboard



The context: Europe 2020 strategy

- Objectives of **smart, sustainable and inclusive growth**
- Headline targets, including **3% of GDP** invested in R&D
- Includes the **Innovation Union Flagship initiative**
 - A strategic and integrated approach to research and innovation
 - Putting in place the key conditions to make Europe attractive for research and innovation
 - Focus on major challenges and aiming at competitiveness and jobs



Innovation Union highlights

- European Innovation Partnerships
- European Research Area framework
- Streamlined EU programmes
- New financial instruments
- Reform of standardisation system
- Public procurement of innovation
- Social innovation pilot
- Stronger monitoring



Key measures of Innovation Union

Strengthening the knowledge base

- **Education and skills**
- **European research area**
- **EU financing instruments**



European Research Area

Key issues

- **Fragmentation and overlaps** between national research and innovation systems
- **Huge complexity** of support system with myriad of funding schemes with different rules and timetables

Key measure

- **European Research Area framework** (2012) to remove cross-border obstacles by 2014
- Including coherence of overall support system



EU funding instruments

Key issues

- **Too many instruments** pursuing different objectives
- **Complexity of access**, particularly for SMEs

Key measure

- **Focus, streamlining and radical simplification** of funding schemes by 2014



Key measures of Innovation Union

Getting good ideas to market

- **Access to finance**
- **Single innovation market**
- **Openness and creative potential**



Access to finance

Key issues

- **Few European SMEs grow** into major companies
- **Lack of finance** is a major cause
- **Crisis** made situation worse

Key measure

- **New generation of financial instruments** with European Investment Bank (2014)
 - high leverage (15+)
 - addressing market gaps from venture capital to major innovation projects.



Single innovation market

Key issues

- Lack of **EU Patent**
- Slow **standard setting**
- **Public procurement** (17% of GDP) not geared to innovative products and services

Key measures

- **Reform standardisation system** (2011)
- **Support procurers to set budgets for innovation** (2011) Target at least €10 Bn



Key measures of Innovation Union

Social and territorial cohesion

European Innovation Partnerships

International cooperation



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International cooperation

Key issues

- Third countries see **27+1 small/medium parties, not one major partner**
- Europe's **openness is not always reciprocated**
- **Global challenges** require a global response

Key measures

- **Joint EU / national priorities** for cooperation with third countries (2012)
- Agree **international infrastructures** with world partners (2012)



Strategic Forum for International Cooperation

Scope:

In 2008, the Council established the **Strategic Forum for International S&T Cooperation (SFIC)** as the institutional setting to develop a partnership for international S&T cooperation between the Member States and the EU

Approaching the USA:

In December 2009, SFIC chose the USA as a pilot to develop a coherent strategic approach vis-à-vis industrialised countries

SFIC agreed to collect information on S&T cooperation of its members and observers via a questionnaire



Strategic Forum for International Cooperation

USA survey results:

- Highly versatile, differentiated and complex S&T cooperation with a strong bottom-up orientation;
- Various dialogues and platforms already exist covering important areas of S&T cooperation e.g. TEC, the EU-USA Energy Council etc.
- USA is a top partner as regards FP7; for several MS, USA is the main non EU concerning mobility of researchers.
- Legal barriers including IPR regime are still the main obstacles in the EU-USA cooperation;
- Cooperation is often unbalanced concerning resources, capacities and the exchange of researchers

Future task: identify issues of strategic relevance, which provide a European added value given all initiatives already taking place on the level of the EU or the Member States and which would enable the EU and the Member States to learn from each others experiences, to exchange good practice and to establish themselves a more coordinated player and partner vis à vis the US.

The BILAT USA provides a good framework to further elaborate these issues.



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Thank you for your attention

Innovation Union website:

<http://www.ec.europa.eu/research/innovation-union/>

Green Paper Consultation on the Common Strategic Framework

<http://www.ec.europa.eu/research/csfri/>



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Green Paper

Towards a Common Strategic Framework for EU Research and Innovation Funding



What is the Green Paper?

- **Consulting on major improvements** to future EU research and innovation funding
 - Covering the FP, CIP and EIT in a Common Strategic Framework
 - With a coherent set of funding instruments along the whole innovation chain (from basic research to market uptake)
 - And far reaching simplification of procedures and rules
- **For the next EU Budget** (to start in 2014)
- **Seeking stakeholder views** ahead of the Commission's formal proposals (to be presented by end 2011)
 - On the proposed improvements
 - On the priorities of the Common Strategic Framework



Green Paper

Key questions

- **Delivering on Europe 2020:**
 - simplification, complementarities with national and regional funds...
- **Tackling societal challenges:**
 - improve support to policy making, citizens' involvement...
- **Strengthening competitiveness:**
 - get more impact from R&D, participation of industry, SMEs, financial instruments, pre-commercial procurement...
- **Strengthening the science base:**
 - European Research Council, careers & skills schemes, infrastructures...



How to contribute

- **Green paper is addressed to all stakeholders**
 - Research & business, public & private, large & small, experts & general public, individuals & organisations, etc.
- **How to respond**
 - Online questionnaire (*quick to complete*)
 - Submission of written responses (*for detailed comments*)
- **Deadline for contributions: 20 May 2011**



Next steps

- **Follow up:**
 - Analysis of contributions by Commission
 - Major event to conclude consultation (10 June 2011)
 - Inputs to preparation of Commission proposals
 - **Commission proposals:**
 - for post 2013 EU budget (June 2011)
 - for the Common Strategic Framework (by end of 2011)
 - **Legislative decisions** on the Common Strategic Framework by the Council and European Parliament (2012-13)
- => **Common Strategic Framework** (from 2014)

