



EUROPEAN
COMMISSION

INNOVATION PRIORITIES FOR EUROPE

Presentation of J.M. Barroso,
President of the European Commission, to the European Council of 4 February 2011

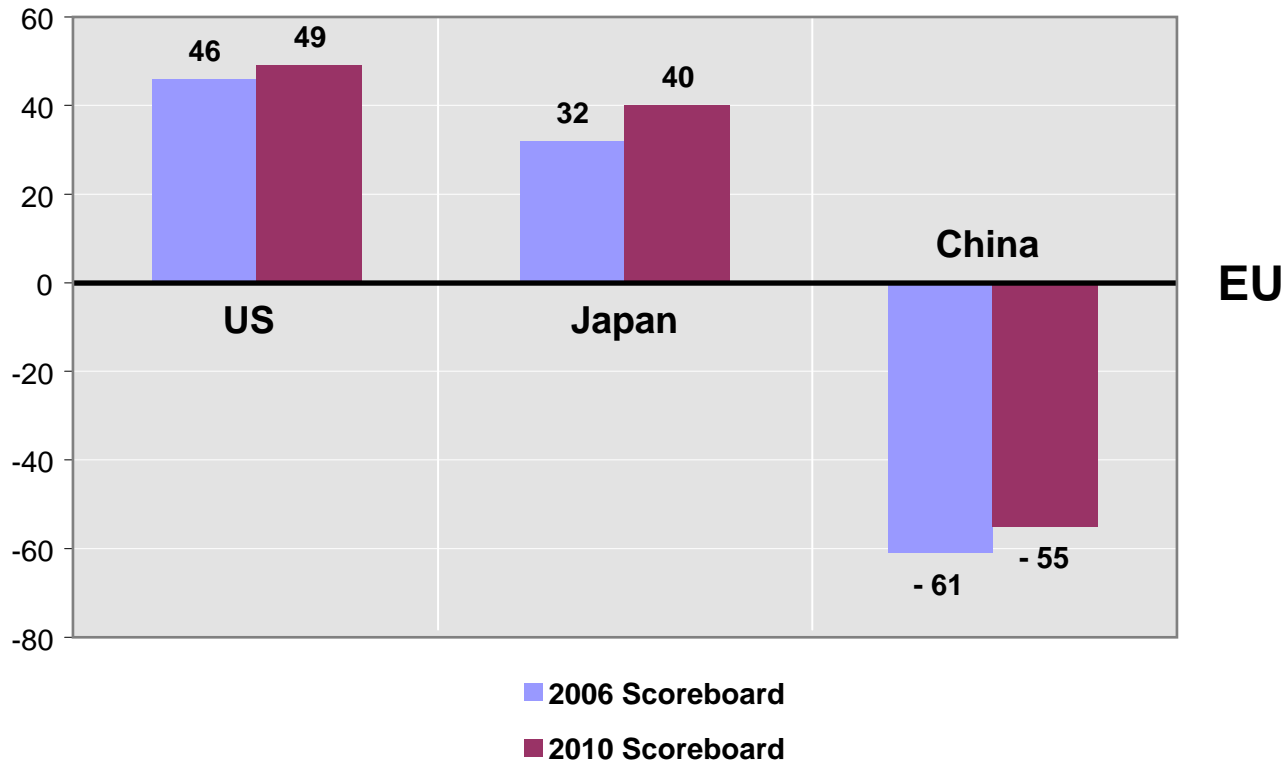
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Europe risks losing ground

- Share of GDP on R&D:
 - EU: 2%
 - US: 2.8%
 - Japan: 3.4%
- Our target = 3% in 2020
- Current national targets only 2.7-2.8%
- In net spending, China will spend more than the EU in 2014
- Share of persons aged 25-34 with a university degree:
 - EU: 34%
 - US: 42%
 - Japan: 55%

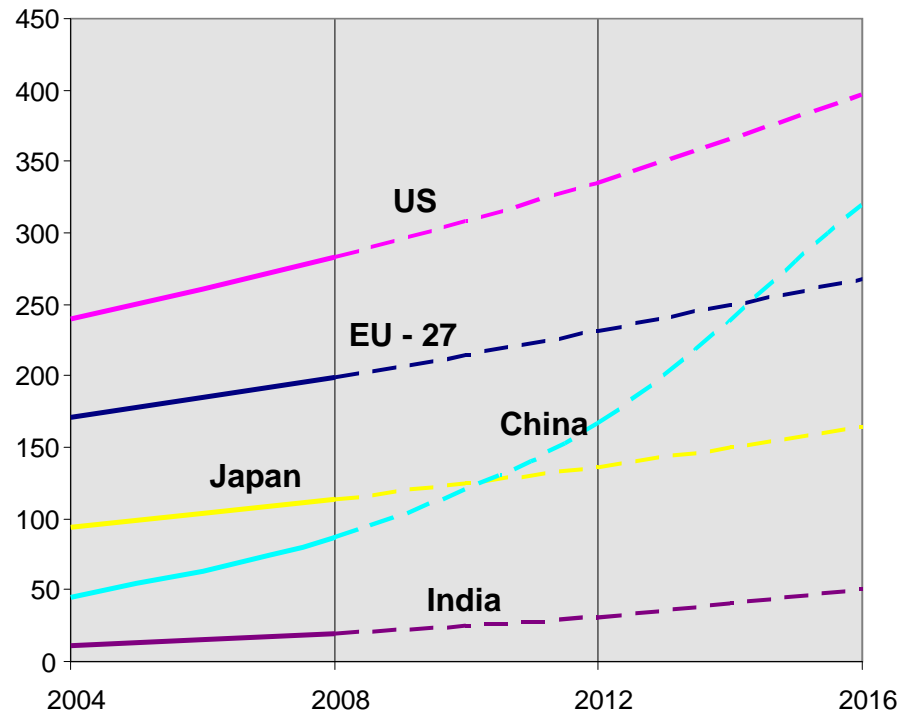
EU research and innovation performance compared to US, Japan and China



*(US is steadily performing nearly 50% better than EU.
China is still 55% below EU but is catching up).*

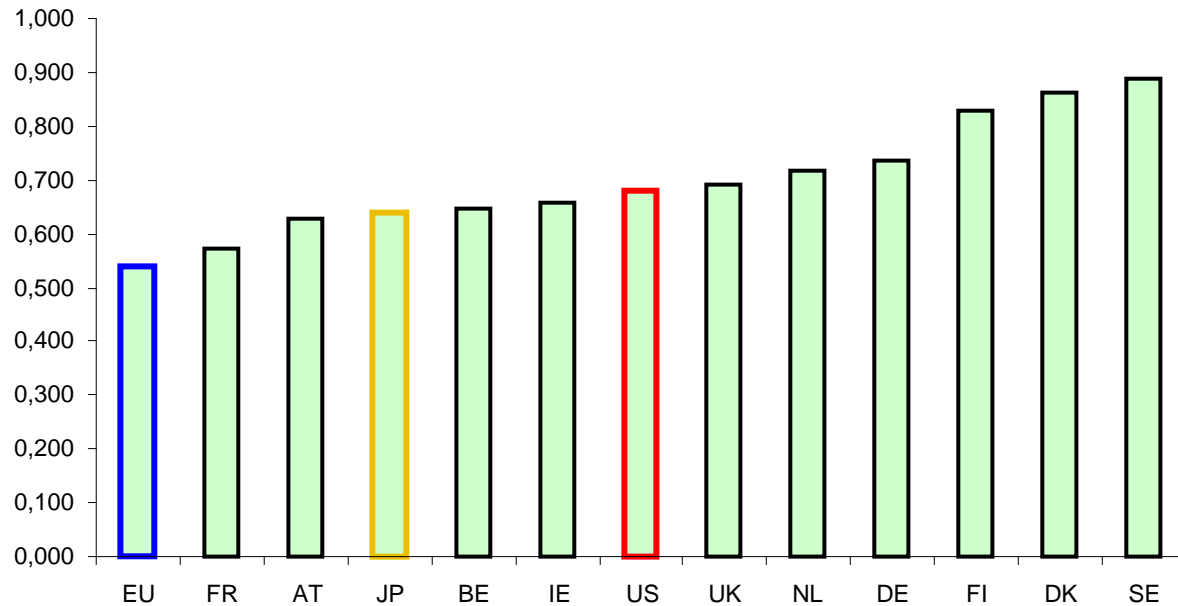
The EU is slowly falling behind on R&D

Evolution of world R&D expenditure in real terms
(in € billion at 2000 prices)



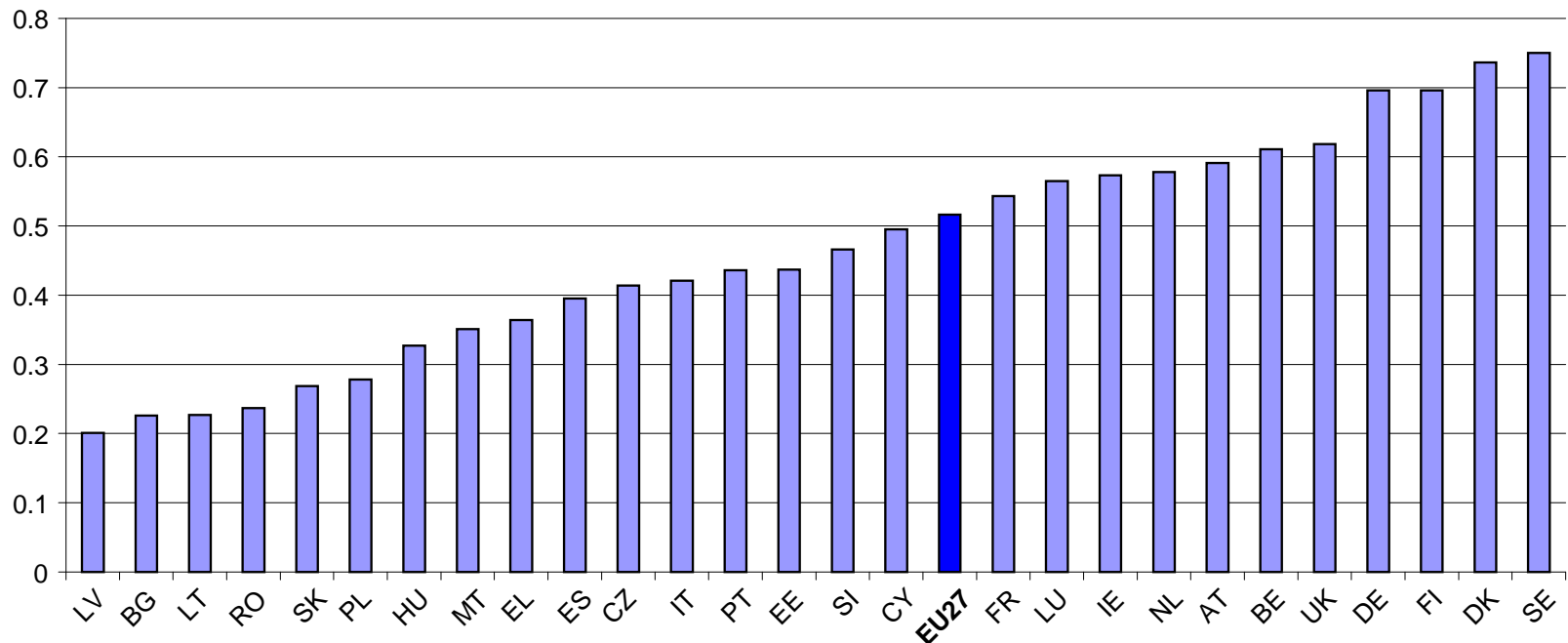
Europe has world-class innovators...

Research and innovation performance index: best performing EU countries compared to Japan and US



... but performances vary significantly

Research and innovation performance: EU Member States



What's wrong in Europe?

- Poor availability of finance
- Costly patenting
- Lack of legal and tax level-playing field
- Outdated regulations and procedures
- Slow standard-setting
- Weaknesses in public education and innovation systems
- Failure to use public procurement strategically
- Fragmentation of efforts

What can we do about it?

- 'Smart' fiscal consolidation
- Improved framework conditions
- Steer and monitor at EU level
- A future-oriented EU budget

Priority 1: 'Smart' fiscal consolidation

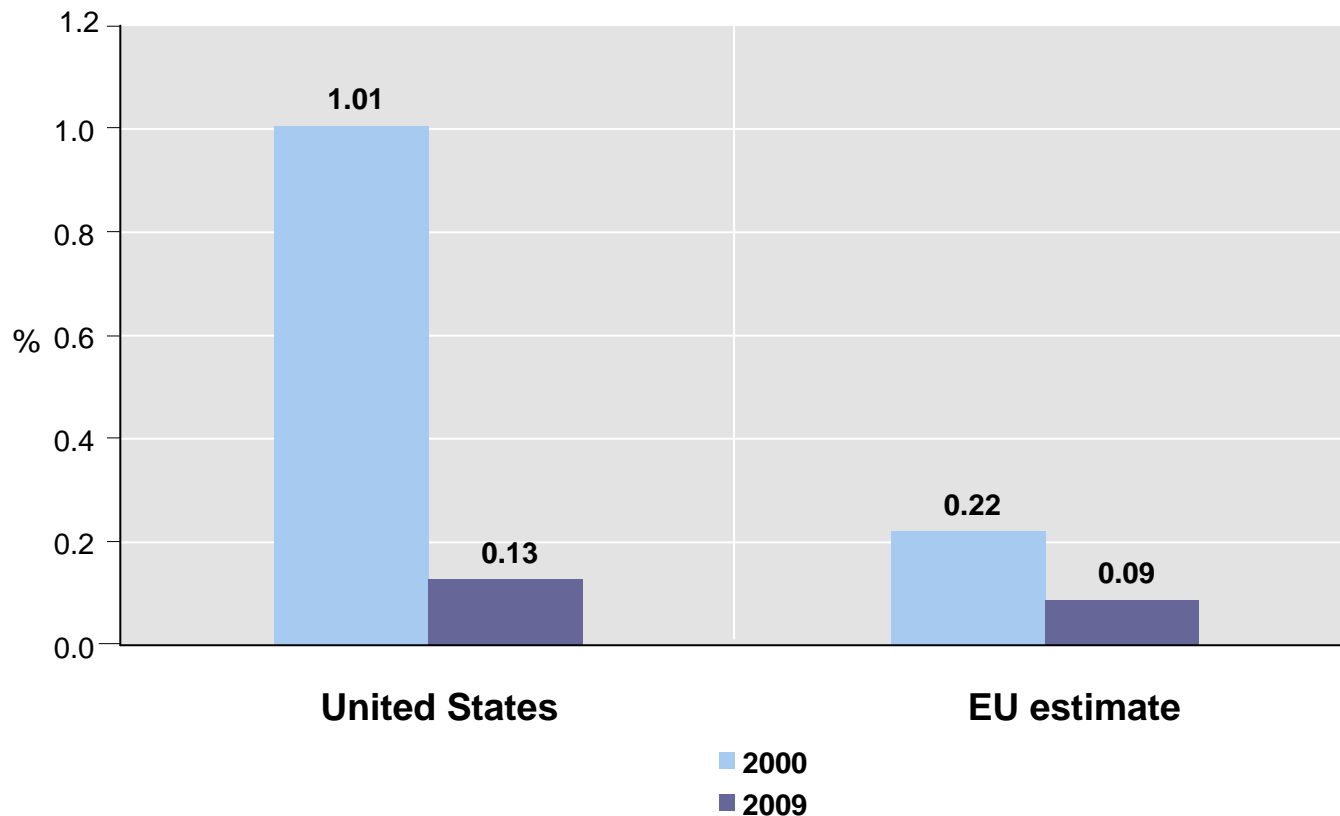
- Current financial and fiscal pressures may lead to cuts in R&D and innovation
- We need rigorous fiscal consolidation and growth-friendly expenditure
- Several Member States are managing to maintain or increase public investments in innovation and R&D

Priority 2: Improved framework conditions

- Create a true EU market for venture capital funds
- Act on intellectual property rights
- Pool excellence in areas of societal concerns:
cf. first Innovation Partnership “healthy and active ageing”
- Faster setting of European standards
- Best practices in using public procurements

Access to finance is more limited in Europe

Venture capital in % of GDP, 2000 and 2009



Standards and IPR are key



- GSM = Europe world leader
(EU-funded R&D; common EU standard set quickly; a single legal framework)



- Wi-Fi = Europe follower
(EU-funded R&D but process too slow to set an EU standard => result = non-EU, US industry-driven standard has become market leader)

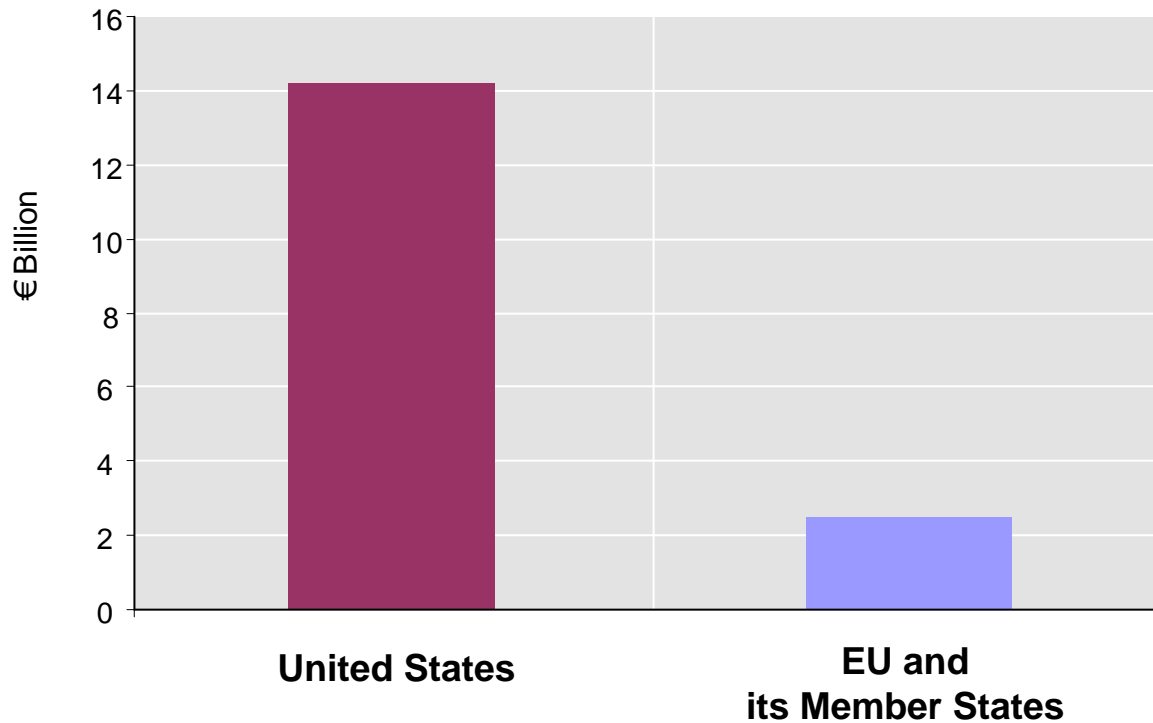


- Electric vehicle



Public procurement can make the difference

R&D procurement expenditures (excluding defence, in € billion in 2007)



Priority 3: Steer and monitor at EU level

- Clear role for the European Council to steer progress
- Use the overall 3% R&D target as a compass
- Task Council formations to deliver the “Innovation Union”
- Complete the European Research Area by 2014:
 - Unblock deal to ensure full mobility of researchers
 - Attract new talent
- Monitor national and EU efforts:
 - European Semester
 - Europe 2020 strategy

Priority 4: A future-oriented EU budget

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- A common strategic framework to pool resources and facilitate joint programming
- Tap innovative sources of funding:
cf. EU risk-sharing facility for R&D: each € invested x 30
- Simplification is key but it requires strong political will at all levels

