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## **Why invest in science in South Eastern Europe?**

Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort

International Conference and Ministerial Round table *(organized by UNESCO, Slovene Ministry of Higher Education, Science & Technology and Austrian Science & Research liaison office)*

**Ljubljana, 29 September 2006**

Ladies and Gentlemen,

I am very pleased that I have the opportunity to be here with you for the closing session of this Conference.

At first sight, this would seem to be a very easy speech to make. After all, I am in my own city talking about my own portfolio, research. And this conference touches on how research can help economic development, another area I have a great interest in.

But this is actually a difficult speech, for several reasons. The first is that I am the last speaker, so you may have heard it all before! The second is that I feel some difficult decisions need to be made if this region is to develop as it can.

You have heard the arguments over the past two days. There are many different angles, but only one bottom line: Europe needs to invest more in research and better exploit its research potential.

This is a message that has agreement in all corners of Europe.

In the EU, we have made the analyses which prove this point. We have reached a broad political consensus. Though we have been looking at the current EU, this message holds true for wider Europe.

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### **Why does Europe need research?**

Put simply,

- we can no longer live off the back of natural resources: we do not have enough and many are not sustainable
- our competitive efforts need to take into account the environmental needs and the sustainable development strategy,
- and competing on the basis of cheap labour and low social security is neither desirable nor realistic in the globalised economy.

Our quality of life depends on knowledge. Modern economies are no longer exclusively based on manufacturing; the services economy plays an important role. These services are valuable because they show knowledge generating income.

The EU took action at European level at the Lisbon Summit in 2000. You may have already heard what was decided there - to make Europe's economy the most competitive knowledge-based one in the world.

But throughout the last six years, research has played a continuous role. Whether stimulating the economy, improving the environment or securing the quality of life, research has been on the political agenda.

At EU level, we have now something we can call an integrated research policy. This identifies actions not only in research, but many related areas. Research is most successful not in isolation, but linked to areas such as education, industry, finances and public procurement. When these all work together, we get closer to achieving our overall objectives.

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**And this is where it gets difficult. South Eastern European countries have to follow the same path as the EU has.**

This means:

- getting together with all the stakeholders
- designing an integrated research policy and
- setting national targets on how much public funding will go to research; and how to increase human resources capacities.

Public investment in research in the South Eastern European countries is still very low, compared to the EU average of 1.9%. This is why you need to start drawing up a plan to progressively increase the public contribution to research.

This will require some skilful work by Ministers of science, research and education. They have a central role to play. They will need to demonstrate to their Prime Ministers and Ministers of Finance that more research funding is a good investment. Even though the benefits might sometimes be long term.

**It's not just the level of funding that is important. It is also how it is spent.**

Here I can offer some suggestions on how to make the most of the funds you have:

- National science budgets need to focus on excellence. This is the best preparation for cooperating with EU research partners.
- Governments need to encourage collaboration and networking with the EU. They could do this by helping their institutes to improve their infrastructure and human capacity.
- Update national equipment and laboratories. But don't duplicate facilities. Research infrastructures are expensive. So consider regional research centres, by pooling the region's resources.
- Avoid fragmentation in funding. Don't provide funds just for the sake of it – have clear justifications for each euro. For example, don't feel obliged to maintain an institute which no longer provides any benefits.
- Introduce a fair level of competition into research national funding. Show transparency. Include international experts in the evaluation. Funding should not only be fair, but should be seen to be fair.
- Set priorities in the thematic areas: play to your strengths and strategic interests. Create niche markets.

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**South Eastern European countries have a strong scientific base. Please don't lose it by failing to investing in research.**

There are already good examples in the region.

Croatia's research policy was examined as part of the accession negotiations. It was considered sufficiently developed to facilitate integration into the European Research Area.

When the Former Yugoslav Republic of Macedonia requested EU candidate country status, the Commission's opinion highlighted that the country lacked a vision for development of a research policy. FYROM's Government's response was to immediately start working on a National Programme for research and development for 2006-2010.

Not only was the decision quickly taken - it also addressed the right issues. These include:

- better coordination among the different ministries involved in research and technology
- considering more public spending on research and
- strengthening links between research and industry.

It goes without saying that these plans then need to be implemented!

**This process is ultimately all about integration.** Your integration into the EU is fundamental. That is not just my opinion. European leaders at the European Council in June said *the future of the Western Balkan Countries lies in the European Union.*

Research policy is an important tool to facilitate this integration.

This is one of the reasons why I am committed to make the conditions very attractive for South Eastern European countries to be associated to the next Framework Programme, FP7. I am thinking particularly of the financial contribution required.

I said this when the Steering Platform for Western Balkan Countries was launched in June in Vienna. And I am pleased that since then, some of you have taken up my offer!

**Integration requires cooperation.** FP7 is the perfect vehicle for this. Cooperation can take place beyond national borders, and regardless of historical and political obstacles.

Cooperation in research needs longer lead times. FP7 has taken this into account, running for a longer, seven year period.

Collaborating in the programme will lead to cooperation with researchers and scientists from all over Europe and the world. Not only will you obtain more knowledge transfer, but also increased market access opportunities.

**Research can lead to innovation, which leads to jobs and growth.**

FP7 will be taking a lead in this. It will support major public-private partnerships in key technology areas. "European Technology Platforms" are designing strategic R&D agendas in these areas. The Technology Platforms are industry-led groups where all major stakeholders are represented. Their R&D agendas look to the long-term European development of key technologies, based on real business needs.

In the interest of your industry, you should actively consider participating in some of the Technology Platforms.

**But to make the most of these new opportunities, action is again needed from the region's national Governments.** The right conditions, which stimulate investment in research and innovation, need to be in place.

As you may know, we have a target of seeing 3% of the EU's GDP dedicated to research. What you may not know is that 2% of this needs to come from private sector.

It is clear that we cannot force private businesses to invest in research. There is no stick, but we can use carrots: we can make the conditions favourable for research investment.

For example, Governments could:

- take fiscal measures allowing deductions of a substantial part of the investment
- or permit a tax credit
- Or they could exempt employed scientists from social taxes.

Some may say 'Our first concern is not research, it is developing the economy.' But to neglect one for the other would be a mistake. Because one leads to the other.

Again, this is an area where public authorities can play an important role. Here are a few suggestions of areas where they could be proactive: They could:

- put research and innovation high on their own political agendas, so that investors see a favourable climate for innovation
- stimulate SMEs, the backbone of our economies, to innovate; for example by providing training for sectoral SME associations on how to include research in their daily business decision-making
- favour technology driven products and services through public procurement
- give preference, when attracting foreign investment, to innovative companies who are ready to transfer technology
- or provide training to make managers more entrepreneurial, including knowledge on research, patents and licensing products

When I refer to investment in research by private sector, I do not mean only in traditional sectors, such as pharmaceuticals, the automotive industry or manufacturing. Countries with a more service oriented economy should promote research efforts in areas relevant for them.

For example, Montenegro or Albania, who depend a lot on tourism, could encourage research in the leisure sector. This way they can be in a position to offer, for example, well equipped, safe and modern leisure facilities to their tourists.

In your pre-accession phase to the EU, I cannot underline enough the importance of industry investing in research. This requires determination and partnership.

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This brings me to my final point: how to encourage industry-university research and partnerships?

There needs to be a place where the two can interact. So creating science parks is a good first step.

This is particularly relevant for the South Eastern European countries. There is a lot of excellent research with high standing physicians and engineers at the region's universities. For example, when I visited the Institute of Physics in Belgrade, I was impressed with the research campus and I saw room for spin-offs. And other cities, for example Priština and Sarajevo, are known for their excellent universities.

But in this region, as well as in the EU, we need to see the modernisation of universities. This would lead to better interaction between education, research and innovation.

Research and innovation are really all about people. So Governments need to make scientists' career perspectives more attractive. A good salary is one element. But so is the ability to move easily from private to public institutions without losing social benefits, such as pensions. And to have good research facilities

Talking of mobility, I am aware of the visa problems encountered by the countries in this region. Although this issue lies with the individual EU Member States, I do remind them at every Competitiveness Council how important it is to transpose the short term visas for scientists' package. The Commission is in the meantime looking at a global visa solution for your countries.

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Ladies and gentlemen,

Research has given us previously unimaginable advances. We can communicate across continents, break down the human body to a gene code and create the smallest ever instruments.

But I would like to tell you today what I consider to be the two most basic elements in advancing research. They are a table and some chairs. I may be simplifying but I am sure you will agree that the first step is to get the people together. Only so can research start moving forward.

There is no magic solution to development. But in this region you do, at least, have the benefit of learning from the experiences – and mistakes – Europe has made so far.

One of those mistakes was not having invested enough in the last decades in knowledge – be it in research, innovation or education. We are still paying for that today.

So I urge you all to take the tough decisions needed to play your part in building and nurturing knowledge in your own countries. It is the best way to make this region attractive to investors, customers and its people.

In doing so, you will help your integration into the European Research Area and the European Union.

As you can imagine, I would especially love to see research play a lead role in helping develop this region. And the EU is ready to support wherever we can.

You have the tools at your disposal. Now is the time to act.

Thank you.