More Innovation and R&D for a competitive and sustainable economy

Innovation is crucial for the provision of new business ideas and the skills and competences we need.

Innovation is the real driver of growth and the key to creating employment, increasing competitiveness, developing novel technologies and finding new solutions to tackle the major challenges we face today.

Europe urgently needs to respond to the global rise in spending on research and development & innovation (RD & I) by quickly achieving its goal of investing 3% of GDP in RD & I (in comparison to 2.06% in 2017).

The EU is urged to prioritise RD & I in its budget allocation and to use cross-border cooperation as an instrument to increase cohesion.

SMEs are disadvantaged in the area of RD & I and therefore need dedicated support in order to gain access to research facilities and expertise like the innovation centres planned for Horizon Europe.

Research and higher education are closely linked and in cooperation with the companies can contribute significantly to the application of the results achieved.

The extent to which businesses take people’s autonomy, responsibility, safety, dignity and privacy into account can contribute to the competitiveness of EU products and services.

Source: Eurostat

R&D intensity in the EU member states (2017)

R&D Expenditure - EU vs. Rest of the World (2017)
Innovation is the real driver of growth and the economy of well-being

We need to join forces at EU level to better tackle the major challenges we face today and to deliver on the Sustainable Development Goals. Achieving these goals is not possible without research, development and innovation (RD & I). RD & I is the real driver of growth and the key to creating employment and increasing competitiveness. Novel technologies and new solutions, products and services improve people’s well-being and quality of life.

Europe’s companies are world leaders in many areas. However, international competition for innovative solutions is intensifying and Europe needs to respond to the global rise in spending on RD & I. Its goal of investing 3% of GDP in RD & I should now become a reality.

European research funding granted as part of the Horizon 2020 programme has been an immense success story and an excellent example of the added value provided by the EU, which manifests itself in a great many forms of cross-border cooperation. The EU is urged to prioritise R & D & I in the next Multiannual Financial Framework 2021-2027 (Horizon Europe).

R&D FACTS AND FIGURES (source: 2018 Industrial R&D Scoreboard)

According to the 2018 Industrial R&D Scoreboard, companies in the European Union had increased their investment in R&D for 8 years in a row.

In 2017, they invested 5.5% more in R&D activities than the year before. This growth is being driven by the automobile, health and ICT sectors.

The growth in investment by EU-based companies is, however, being outpaced by their US and Chinese counterparts.

Total investment in R&D of the top 2500 companies, accounting for 90% of the world’s business-funded R&D, amounted to €736.4 billion in 2017.

577 firms based in the EU are ranked in the 2500 world’s top industrial R&D players and account for more than a quarter (27%) of global investment.

US companies constitute 37% of business R&D investment, Japanese companies 14%, Chinese companies 10% and companies from the rest of the world 12%.

Cross-border cooperation is an instrument that, together with increased national public and private R & D investment, helps to increase cohesion in Europe.

We welcome the EU’s intention to make ‘the promotion of innovation in the area of market-related products more important. This funding will benefit SMEs in particular.

However, innovation can only be successful in the long term if the entire value chain of research is built on a solid foundation of basic to applied research and the market launch of new products.

While large corporations run their own research departments, SMEs don’t have such resources at their disposal, leaving them in need of dedicated support in order to gain access to research facilities and expertise.

The innovation centres planned for Horizon Europe are to be welcomed, as they create a link between universities, research institutes and SMEs.

Research and higher education are closely linked. They are the key to delivering new innovation ideas and providing us with the skills and competencies we need.

Digitalisation offers a wealth of new possibilities that allow people to choose a better life for themselves in an unprecedented way. The transition to digitalisation urgently requires more expertise and the right skills. The STEM areas should be promoted attracting more female students.

The EU still needs to set itself apart in this area by embodying European values such as respect for human dignity, freedom, democracy, diversity and gender equality, the rule of law and human rights vis-à-vis its main competitors in the US and Asia.

Europe should be also open to the talents, ideas and innovation coming from third countries by implementing an appropriate legal migration policy.

The history of innovation shows that while a number of jobs are disappearing, many more jobs are being created, especially new types of jobs. Gaining a good broad education followed by the pursuit of lifelong learning is the best way to prepare oneself for the future.

The extent to which businesses take people’s autonomy, responsibility, safety, dignity and privacy into account can contribute to the competitiveness of EU products and services.

TO BE AVOIDED:

The innovation potential must not be limited by:

- Replacing the vital national budgets for RD & I with EU funding
- Funding only for high Technology Readiness Levels (TRLs) instead of focusing on the innovation chain in its entirety.
- Being blinded by the US or China and not relying on Europe’s ability to find its own path to success.