



European Economic and Social Committee

INT/855

R&I: A renewed European agenda

OPINION

European Economic and Social Committee

**Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions –
A renewed European Agenda for Research and Innovation - Europe's chance to shape
its future**

*The European Commission's contribution to the Informal EU Leaders' meeting
on innovation in Sofia on 16 May 2018*

[COM(2018) 306 final]

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1. **Conclusions and recommendations**

- 1.1 The EESC welcomes the fact that also in the context of the Multiannual Financial Framework 2021-2027, the Commission has made it clear that research and innovation must continue to be an essential **EU priority**.
- 1.2 The EESC welcomes the fact that **innovation** should carry more weight and recalls its call for future funding policy needs to be well-balanced for the whole research and innovation chain, from fundamental to product-driven research. Innovation is key to economic growth and the new instruments will in particular be beneficial for **SMEs**. The EESC reiterates the importance of public investment in research and development as a key driver for producing and sustaining a spillover effect on the Member States' economies.
- 1.3 The EESC also welcomes the aim of further simplifying State aid rules to facilitate the **combination of different funds**, which can be instrumental to overcoming the large disparities between Member States and regions in terms of the number of successful research and innovation projects.
- 1.4 Horizon Europe needs to invest in areas where there is particular European added value. **Collaborative research** projects should be prioritised, as they fulfil this requirement in a way that hardly any other programme does.
- 1.5 The EESC is convinced that many grand societal challenges can only be solved at a European level and need the concerted efforts of several players, going beyond the scope of individual Collaborative research projects. This is why the idea of **missions** is supported.
- 1.6 Supporting the **mobility** of researchers via Marie Skłodowska-Curie Actions (MSCA) is another key to further strengthening the European Research Area, while EU and national policies must aim to establish adequate and attractive working conditions for professionals to avoid the phenomenon of brain drain which is counterproductive to achieving coherence in the EU.
- 1.7 The EESC believes it is necessary to increase the volume of EU investment to help European workers to keep abreast of developments in and earn qualifications for digital professions.
- 1.8 The EESC believes that initiatives helping SMEs to capitalise on and tap the outcome of research and innovation should be supported more effectively.

2. **Introduction**

- 2.1 At the informal EU Leaders' meeting on innovation in Sofia on 16 May 2018, the European Commission invited those present to discuss and give strategic guidance with a view to the next Multiannual Financial Framework in general and the priorities to be given to Research and Innovation in particular. For this purpose, the EC proposed priorities and new initiatives in its communication¹.

¹ COM(2018) 306 final.

2.2 This proposal serves also as a first step towards the definition of the next Framework Programme (FP9 or Horizon Europe) aiming at the continuation and improvement of the successful Horizon 2020 programme².

2.3 Equally, activities are proposed to support innovation and boost industrial leadership following the renewed EU Industrial Policy Strategy³.

3. Gist of the proposal

3.1 The proposal of European Commission intends to ensure that **research and innovation** continues to be one of the essential EU policies and **funding priorities** in the future, across different budgetary instruments. More emphasis is given to innovation to make Europe a frontrunner in market-creating innovation.

3.2 The Commission proposes to increase investments in research and innovation by allocating about **EUR 100 billion** to the future programme **Horizon Europe** and the **Euratom** Research and Training Programme⁴.

3.3 Equally, the Commission proposed to mobilise around **EUR 11 billion** for **market-based instruments**, including financial instruments and budgetary guarantees in a dedicated window under the InvestEU Fund, which in return would mobilise **EUR 200 billion** of private investment to support research and innovation.

3.4 Member States are urged to take the necessary steps to increase their spending in research and innovation to reach the **3%** of GDP target.

3.5 Launch of a first set of EU-level research and innovation **missions** with bold, ambitious goals and strong European added value. The missions will encourage investment and participation across multiple sectors throughout the value chains, policy areas (e.g. energy and climate, transport, advanced manufacturing, health and nutrition, digital), scientific disciplines (including social sciences and humanities).

3.6 It is proposed that, whenever reviewing policy and legislation of EU and national regulatory frameworks, the **innovation principle** should be applied, ensuring that the impact on innovation is fully assessed.

3.7 A **European Innovation Council (EIC)** will be established to identify and scale up breakthrough and disruptive innovation, focusing on fast-moving, high-risk innovations that have a strong potential to create entirely new markets.

² See [OJ C 34, 2.2.2017, p. 66](#) and "Evaluation of Horizon 2020" (Information Report).

³ [OJ C 197, 8.6.2018, p.10.](#)

⁴ The proposed budget allocation of EUR 100 billion for 2021-2027 includes EUR 97.6 bn under Horizon Europe (EUR 3.5 bn of which will be allocated under the InvestEU Fund) and EUR 2.4 bn for the Euratom Research and Training Programme.

- 3.8 Measures to increase **private investment** in research and innovation and scale-up initiatives:
- implementation of a Pan-European Venture Capital Funds-of-Funds programme (**VentureEU**);
 - transposition of the Directive⁵ on preventing restructuring frameworks, second chances and measures to increase the efficiency of restructuring, insolvency and discharge procedures.
- 3.9 Further simplifying State aid rules to facilitate the seamless **combination of different funds** and the better use of common assessment standards for research and innovation projects.
- 3.10 The Commission advocates for a **tax system**⁶ that supports innovation by allowing the costs of research and innovation investment to be tax deductible, with additional allowances for young companies.
- 3.11 Introduction of an **Open Science label** for universities and public research organisations to empower them to become more entrepreneurial and interdisciplinary.

4. **General comments**

- 4.1 The EESC welcomes the fact that also in the context of the Multiannual Financial Framework 2021-2027 the Commission has made it clear that research and innovation must continue to be an essential EU priority. A strong and successful programme that brings together excellence, joint research infrastructures, collaboration across borders as well as synergies between academia, industry, SMEs and research organisations is a key policy instrument for achieving sustainable European economic growth and competitiveness and to address the major challenges faced by European society.
- 4.2 The EESC welcomes the fact that innovation should carry more weight and recalls its claim that the future funding policy needs to be well-balanced for the whole research and innovation chain, from fundamental to product-driven research⁷. Innovation is key to economic growth and the new instruments will be in particular beneficial for SMEs. The EESC reiterates the importance of public investment in research and development as a key driver for producing and sustaining a spillover effect on the Member States' economies.
- 4.3 Regarding the high expectations that are related to the impact of Horizon Europe and its role in securing European competitiveness, the EESC recommends funding of EUR 120 billion, as also proposed by the European Parliament. The European Institutions have to demonstrate that they have grasped the overwhelming importance of research and innovation for the future competitiveness of the EU.

⁵ COM(2016) 723 final.

⁶ Anticipated under the Common Consolidated Corporate Tax Base (CCCTB).

⁷ [OJ C 34, 2.2.2017, p. 66.](#)

4.4 The EESC believes it is necessary to increase the volume of EU investment to help European workers to keep abreast of developments in and earn qualifications for digital professions. Moreover, the EESC believes that initiatives helping SMEs to capitalise on and tap the outcome of research and innovation should be supported more effectively.

5. Specific comments

5.1 Research along the whole value chain

5.1.1 European Structural and Investment Funds should be used to bring regions into the innovation economy. **Synergies** should be created with the Horizon Europe Programme, InvestEU Fund, the European Social Fund, the Erasmus +Programme, the Digital Europe Programme, the Common Agricultural Policy and other programmes.

5.1.2 The EU is the most open research and innovation area in the world. Not only does it welcome research organisations from all over the world into its projects, but it also collaborates extensively with international partners on joint programmes. Horizon Europe needs to invest in those areas where there is special European added value. **Collaborative research**⁸ projects should be prioritised, as they fulfil this requirement in a way that hardly any other programme does: in order to make further progress on societal challenges that cannot be solved at the national level, these projects bring together the best scientists, as well as the most innovative SME and Industry stakeholders in Europe. By combining their skills and competences across disciplines, collaborative research projects result in valuable benefits for Europe's citizens.

5.1.3 The EESC is convinced that many grand societal challenges can only be solved at a European level and need the concerted efforts of several players, going beyond the scope of individual collaborative research projects. This is why the idea of **missions** is supported. The EESC acknowledges that common ambitious goals have the potential to inspire and to create momentum, i.e. the willingness to take action, across various communities, including the public. Missions should offer a long-term funding perspective over the full funding period of Horizon Europe. It is essential that the missions are first and foremost conceptualised as large-scale *research* missions even if they integrate various stakeholders in their sub-projects. To achieve the missions' ambitious goals, they need to cover the whole innovation chain and include research activities on all Technology Readiness Levels. The EESC urges not to oversell the mere concept of missions, but to provide them with the adequate funding needed for their goals. These goals should be both reachable and tangible.

5.1.4 One of the strengths of European research framework programmes is their tangible EU-wide commitment to foster a European Research Area that is open to all Member States. Stronger **synergies** between the next framework programme and structural funds could support this openness. Bridging the gaps between regions more effectively is one of the major political

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Collaborative research with a minimum of three partners from different Member States makes it possible to join forces to tackle challenges that cannot be met by one country alone and creates synergies within the EU research landscape, thus creating significant EU added value, such as those designed and implemented by **EUREKA**.

challenges for the coming years, and effective partnerships between research institutions can be one key.

- 5.1.5 One important instrument in this context are **FET Flagships**. They are characterised by a strong focus on the development of innovative technologies. This is a unique strength. Europe needs to allow itself large-scale and long-term projects that can bear a level of uncertainty and are yet as innovative as they are forward-looking. FET Flagships should therefore be clearly differentiated from the missions. It is essential that the future **FET Flagships** start as planned and continue to receive priority funding.
- 5.1.6 Making **research infrastructure** accessible all across the EU and beyond is one of the success stories of the framework programmes. Undoubtedly, top research infrastructure attracts top scientists and very often it is only access to research infrastructure that makes breakthrough results possible. Hence, research infrastructure urgently need higher funding at the European level, not the decrease in budget share which the European Commission has provided for in its proposal Securing the access of users from the EU13 countries should be a priority concern.
- 5.1.7 Supporting the **mobility of researchers** via Marie Skłodowska-Curie Actions (MSCA) is another key to further strengthening the European Research Area and creating impact that cannot be achieved at a national level. The EESC welcomes any initiative designed to support the mobility of researchers working in SMEs. The EESC is, however, concerned about the phenomenon of brain drain which might even be enhanced by mobility funding and so calls for EU and national policies to focus on establishing adequate and attractive working conditions for professionals to avoid this trend, which is counterproductive to achieving coherence in the EU.
- 5.1.8 It should be noted that academic stakeholders from public-funded institutions in many Member States are not allowed to take out **loans**. Horizon Europe should therefore primarily remain focused on co-funding, not on loans.
- 5.1.9 The EESC joins the plea to the Member States to take the necessary steps to increase their spending in research and innovation to reach the **3%** of GDP target.

5.2 **Research and Innovation for new markets and cohesion in Europe**

- 5.2.1 As underlined in the **7th report on economic, social and territorial cohesion** research & innovation" in the EU remains highly concentrated in a limited number of regions. In north-western Member States, good interregional connections, a highly skilled labour force and an attractive business environment have made it possible to capitalise on "research & innovation" as tangible drivers to support economic competitiveness and social cohesion. In southern and eastern Member States, the innovation performance is weaker and regions close to centres of innovation - mainly the capitals - do not benefit from their proximity. This calls for policies that connect firms, research centres and specialised business services across regions. The EESC believes that further simplifying State aid rules to facilitate the seamless **combination of different funds** can be key for this objective.

- 5.2.2 The post-2020 "research & innovation" programmes have to take into account the economic, social and territorial dimensions that characterise EU regions, avoiding the implementation of "one-size-fits-all" strategies. This approach can be supported by the implementation of strategies based on "open innovation. Concerning the territorial dimension of "Research and Innovation" policies, it is important to build new programmes and priorities, taking into account the economic and social aspects which characterise the territories where the action will be implemented.
- 5.2.3 The post-2020 "research & innovation" policies and programmes should be consistent with the targets of the "**Economy for the Common Good - ECG**", a sustainable economic model geared towards social cohesion. ECG is a process of "social innovation" and positive entrepreneurship useful to promote and support new ideas that simultaneously solve social needs, create new social relationships and strengthen economic value creation.
- 5.2.4 Despite the broad commitments made as part of the implementation of the 2014-2020 programmes, SME access to innovation-based growth opportunities has had little impact in terms of competitiveness and job creation. The support framework for research and innovation in some regions is still too complex, which discourages micro and small enterprises from participating in EU projects in particular. The EESC, therefore, welcomes the development of a **European Innovation Council (EIC)** which should accelerate the commercialisation and scale up of innovations by start-ups emerging from Horizon Europe projects. The EIC might become a faster mechanism for completing the final steps in closing the innovation gap.
- 5.2.5 In order to transform research and innovation opportunities into factors for competitiveness and economic development, it is essential to support **cooperation** between SMEs and R&D&I institutions, entrepreneurial start-ups based on the transfer of research and innovation, and coaching and fundraising activities. The EESC considers that it is important to support the transfer and capitalisation of the "quintuple helix" model⁹ to boost public and private partnerships.
- 5.2.6 **SMEs** could be the leaders in terms of "social open innovations", in which the human know-how for networking and capacities to co-create, co-design, and co-innovate are fundamental for the complete achievement of the social innovation in all Europe. There is the need to promote appropriate innovation policies for SMEs following what is already done by EUREKA initiative. This task could be specifically faced by institutions that can directly support SMEs in engaging in business development and innovation, such as the Chambers of Commerce.
- 5.2.7 In order to respect the subsidiarity principle and the considerable capacities of regions and Member States in the field of SME support, it however urges to focus on the European added value. This may lie in **supporting collaboration** of more than two European innovation actors or in providing capital to innovators with concepts too risky to be supported at national level. In addition, the streamlining of instruments mentioned above should lead to more efficiency of the

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Quintuple Helix and how do knowledge, innovation and the environment relate to each other? A proposed framework for a trans-disciplinary analysis of sustainable development and social ecology, International Journal of Social Ecology and Sustainable Development, Vol.1, No.1, p. 41-69.

funding landscape. It should therefore be expected that the EIC would require less budget share of Horizon Europe than the financial instruments of Horizon 2020, not the considerable increase provided for in the EC proposal. In the post-2020 "research & Innovation" programmes, greater support should be given to the targets' qualitative aspects.

5.2.8 The "smartness" of a socio-economic system cannot be measured solely on the basis of quantitative indicators such as research and innovation spending; use should also be made of qualitative indicators such as the type of innovations brought, advantages for civil society and the number of new jobs created. The EESC, therefore, welcomes that.

5.2.9 The EESC welcomes the fact that under the new MFF, the Commission has included accessibility as an "enabling condition". All EU and national R&I funding must comply fully with accessibility criteria so that outcomes benefit all social groups, including people with disabilities, who represent 15% of the EU population.

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