Informal Meeting of Ministers responsible for Competitiveness (Research)

(2 February 2018, Sofia)

**The future of R&I in Europe: boosting innovation**

Europe is a global scientific powerhouse, but it does not sufficiently valorise the knowledge it produces and it trails well behind many trading partners when it comes to innovation. The EU spends less than half of what South Korea spends on business R&D as a share of GDP, produces three times fewer quality patent applications than Japan, and has a fifth of the number of fast-growing start-ups, or unicorns, compared to the US.

The EU innovation deficit is long-standing and has been exacerbated by the economic and financial crisis from which Europe is now recovering. Meanwhile, the international scene is increasingly dominated by political uncertainties and questions about the global impact of potentially disruptive technologies and the corresponding implications for business models.

In this context, the EU needs to create facilitating conditions to allow Europe's research systems, industry and SMEs to adapt to evolving circumstances while delivering economic and societal progress for all. In particular, the EU should anticipate the effects of the expected labour market transition in the coming decades due to automation, digitalisation and demographic trends. Moreover, to date, the benefits of innovation have been largely concentrated in certain (large) companies, economic sectors and regions. It therefore remains an open question as to how this sectorial and geographic innovation divide within the EU may be mitigated to create a level playing field for innovators – regardless of origin – with breakthrough ideas that could have a real impact on the economy and society. To tackle the innovation deficit, the EU needs to act in concert in a number of fields.

The **EU should provide more support for breakthrough innovations**, focusing on innovations that create new products, services and markets. It should also enable the faster scale-up of innovative solutions to economic and societal challenges. In this way, the EU could potentially take the lead in the next big wave of innovations, providing economic opportunities within the EU and globally. Such innovations will be based on new technologies that bring together science and engineering in areas such as connectivity and computing, analytics and intelligence, 3D printing, new production approaches, and advanced materials and production processes.

The European Innovation Council (EIC) currently being piloted under Horizon 2020 could be considered a key future measure at EU level for the promotion of breakthrough innovations within the EU, complementing support in areas such as key enabling technologies and public-private partnerships.
Promoting breakthrough innovations calls for a supportive innovation eco-system. Successfully riding the new global wave of breakthrough innovations requires Europe to become more effective in its innovation investments at Member State level, to improve access to risk and patient capital, and to put in place modern education and training systems providing the right set of skills and stronger knowledge and innovation diffusion mechanisms. In particular, our universities must be encouraged and empowered to become the world's most entrepreneurial and respond more effectively to business opportunities and society's needs.

Closer coupling of innovation processes with public policy-making is also needed, together with the development of national innovation-friendly regulatory frameworks. Use of the 'innovation principle' when revising existing legislation or formulating new legislation (strategies) at both EU and Member State level is recommended.

As a world leader in producing scientific knowledge, the EU needs to make full use of that knowledge and ensure the more effective transfer of research results to industry and society. The unhindered flow of new ideas, data and knowledge should be enhanced to maximise the impact of EU research and bring about long-term and transformative benefits for society. To achieve this goal, support, including assistance in protecting the resulting knowledge and know-how, must be given at all stages of the innovation process with the aim of ensuring the widest possible use and dissemination in Europe of the knowledge generated by research results.

Against this background, the Presidency invites Ministers to focus their interventions on responding to the following questions:

1. Which good examples of national and regional-level support for breakthrough innovations could be more widely used in an EU context?

2. How is the EIC pilot being perceived by the start-up community, and what lessons can already be learned as regards having a fully-fledged EIC under the next Framework Programme for research and innovation?

3. What main priorities should be set at EU and national level to foster a culture of entrepreneurship and innovation and to reinforce the innovation ecosystem?