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From: ERAC Secretariat  
To: ERAC (European Research Area and Innovation Committee)  
Subject: ERAC plenary on 21-22 March 2019 (Bucharest, RO) - Item 5.2 ("Role of R&I for the future of Europe - Sibiu summit on 9 May")

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In view of item 5.2 of the agenda of the ERAC plenary on 21-22 March 2019, delegations will find attached a presentation by the Commission on the role of R&I for the future of Europe.



# Sibiu

## ERAC meeting

22 March 2019, Bucharest

Román Arjona  
Chief Economist, HoU A.4

# Sibiu Summit

1<sup>st</sup> meeting of EU leaders following UK's withdrawal (?) and last meeting before EP elections

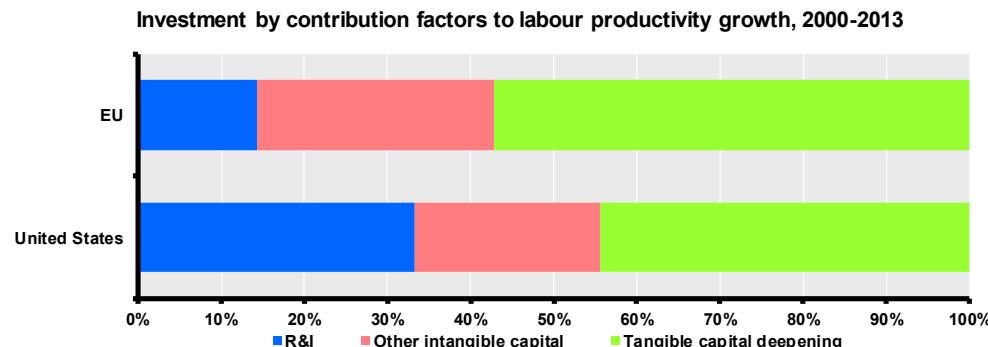
On 9 May, national leaders expected to renew their commitment to an EU that delivers on the issues "that really matter to people"

Critical moment: overstretching the planet OR turning SDGs into economic & social opportunities

# Let's start by confirming the facts

R&I are undisputed drivers of growth and jobs ...

- 62% of EU economic growth 1995 – 2007
- R&I drives productivity growth



Source: EC, RTD, "[The economic rationale for public R&I funding and its impact](#)" (2017)

... and they are necessary to develop the science and technologies to tackle societal challenges

- Ebola outbreak 2014-16 most complex since 1976: 50% fatality
- EU investments: €160 m vaccine, €14m treatment/ diagnostics

# And let's acknowledge the “buts”

R&I no longer seen as *unequivocally positive* drivers of change...

Innovation is largely digital and “deep tech” (physical meets digital): huge opportunities & risks

Productivity slowdown largely due to lack of innovation diffusion

Speed

Complexity

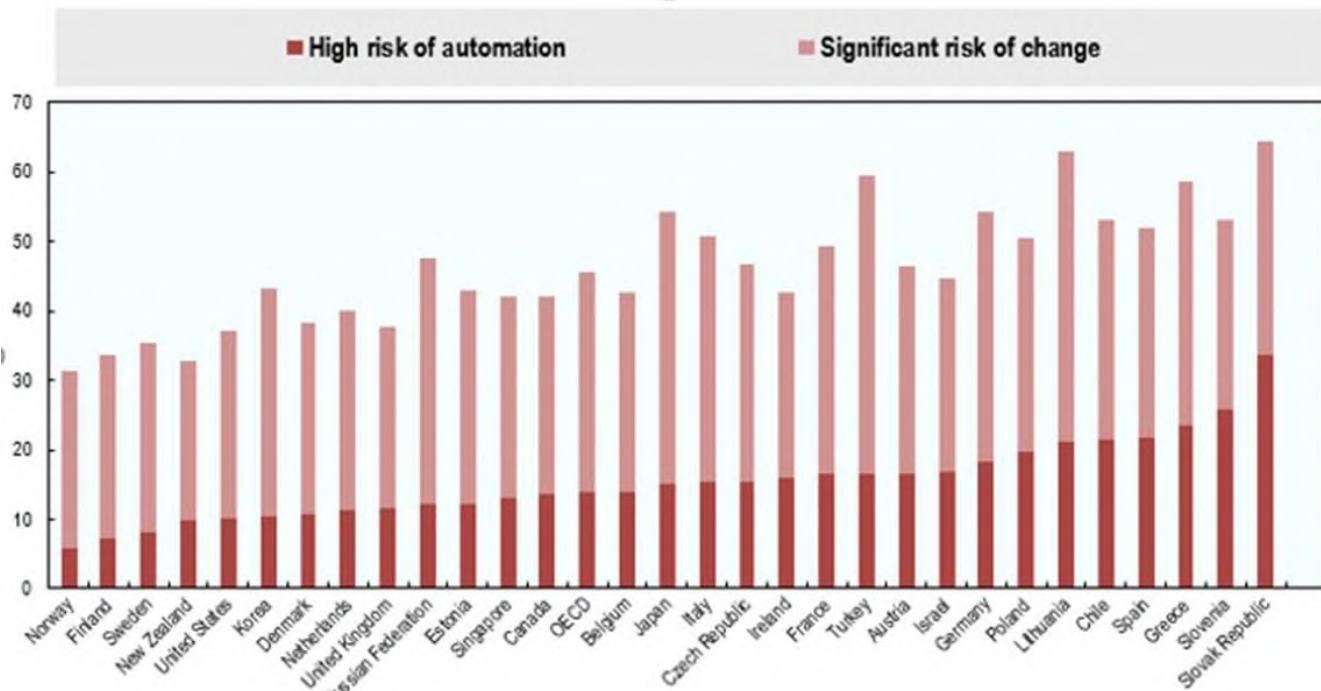
Concentration

# People are worried

Future of work and large scale job displacement

Polarisation of labour market

Inequality, geography of discontent (Brexit, gilets jaunes)



Source: Nedelkoska and Quintini (2018), OECD (2018)

Societal challenges ever more pressing and society getting engaged (climate strikes)

Risks associated with emerging technologies

Geo-political shifts; Europe's sovereignty

# What next?

## CHANCELLOR LECTURE SERIES

# TOWARDS A NEW SOCIAL CONTRACT FOR THE DIGITAL AGE

A new social contract?

Big changes “here and there”

NZ will have a 'well-being budget'

Abe's Womeneconomics and green innovation

DE-FR propose 'eurozone budgetary instrument'

Commission's Paper on Sustainable Europe 2030

BAU scenarios probably not right frameworks going forward, to bridge environmental, socio-economic and territorial gaps

Sustainability will drive global competitiveness in a world of growing boundaries: from “limits to growth” to “growth of limits”

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# 20 years of EU R&I policy

FPs with massive budget increases, radical new instruments (ERC, EIT, JTIs, EIC etc.)

ERA progressively more sophisticated (modest?)

European Semester with more prominent role for R&I and foreseen increasing weight for funding

Given all happening out there ... should we not:

1. Rethink the EU's R&I strategy ?
2. Start "reskilling/ upskilling" ERA

# Can EU trailblaze sustainability 2030?

Goal: economic, social and environment sustainable EU

Underpinned by: no trade-offs competitiveness-inclusiveness-SDGs

## Policy foundations

From linear to circular

Correcting imbalances in food system

Future-proofing energy, buildings and mobility

Making sure the transition is friction-less/ fair

## Policy enablers

R&I, education and digital

Finance, taxation and competition

Business conduct, open and rules-based trade

## Scenarios

1. Overarching EU SDGs strategy guiding EU and MS
2. Mainstream SDGs in all EU policies
3. External action and current ambitions

# What does it take for R&I?

R&I best placed to facilitate a smooth and quick friction-free transition to a SDG-inspired paradigm

It's not just about "the rate"! *Directionality*: public policy accelerates and steers the transitions (mobility, energy, food, health)

- Joining up investments, reforms and regulation
- Piloting and experimenting policies at local level ('go local') and scale-up at EU level
- With more anticipation and increased participation of stakeholders

# A few things to bear in mind

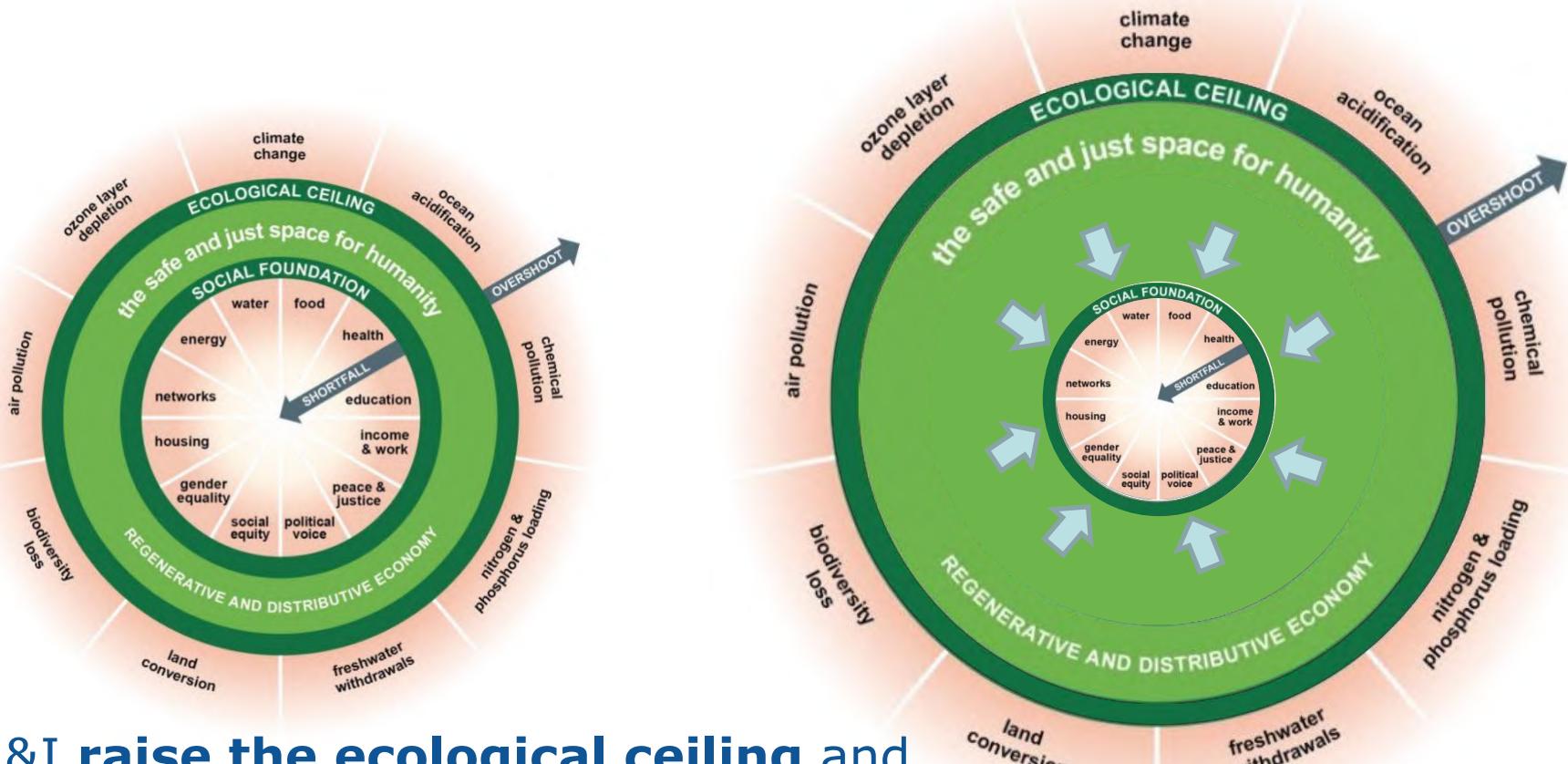
EU policies risk limited impact if others pursue opposing ones

Only continents that invest in tech with a purpose/directionality (sustainability) will stay ahead and set global standards: “destructive creation” to “creative destruction”

Work on multiple levels & dimensions at same time

1. Anticipate & accelerate sustainable technologies
2. Create maximum insights from science: cross-disciplinary boundaries, push forward frontier
3. Business models based on sustainable innovation to change consumer aspirations
4. Sustainable frame for economy: finance, inno principle, responsive institutions

# Teaser - Kate Raworth's doughnut



R&I raise the ecological ceiling and avoid an overshoot of our pressure on the planet

R&I reduce social shortfalls and raise overall standards so that nobody misses out on life's essentials from health to food to energy