



Council of the
European Union

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NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: *Preparation of the Competitiveness Council of 28-29 May 2018*
Research and Innovation within the context of the next Multiannual
Financial Framework
- Policy debate

Delegations will find attached a Presidency note on "Research and Innovation within the context of the next Multiannual Financial Framework" with a view to the policy debate at the Competitiveness Council on 29 May 2018.

**RESEARCH AND INNOVATION WITHIN THE CONTEXT OF THE NEXT
MULTIANNUAL FINANCIAL FRAMEWORK**

Research and innovation are widely recognised as drivers of prosperity. Europe's ability to innovate and to spread innovations across the economy and society is, more than ever before, a prerequisite for economic success and social cohesion.

Research and innovation can provide solutions to address the global challenges that our societies are facing, such as the decarbonisation of our economies, the impact of plastics on our planet or food production. They are also particularly relevant at present as a new wave of innovation is ahead of us, as digital technologies increasingly merge the physical and biological spheres. This new wave will bring huge opportunities and innovation to drive Europe's growth forward. However, it will also bring challenges and uncertainty, and the risk that Europe lags behind globally or fails to ensure a fair distribution of innovation benefits across society.

Overall, Europe is a global research powerhouse. With only seven per cent of the world's population, it is responsible for 20% of the global investment in R&D and about one third of all high-quality scientific publications. Yet, Europe faces difficulties in transforming its scientific leadership into the breakthrough and disruptive innovations that are necessary at scale to address these challenges and that create new markets and redefine whole industries. Europe suffers from insufficient uptake of R&I. We are struggling to support the creation and scale up of the new technological champions of the 21st century.

A set of shortcomings is behind these difficulties. Europe has low private R&D investment¹ and underdeveloped and fragmented venture capital markets. Failure and risk are too often penalised and we need to become better at communicating the relevance of R&I for our societies.

¹ At 1.3% of GDP, Europe trails behind third trade partner countries such as the United States, Japan or South Korea (with 2%, 2.6% and 3.3% respectively).

At national and regional level many Member States already address these challenges by devising their R&I programmes together with their economic support programmes and by setting the right framework conditions to foster not only research, but also supporting innovation and their uptake in the market.

The proposal for the next Multiannual Financial Framework (MFF) boosts investment in research and innovation at EU level, in particular bringing together relevant actors across national borders and systems. Equally importantly, the MFF proposal emphasises the link of R&I with other EU programmes and policies. The Council has called for such effective linkages, most recently in its conclusions of last December. The Presidency therefore welcomes this emphasis in the MFF proposal.

The Presidency also has the opinion that R&I support at EU level through the next MFF should reflect and underscore that addressing the identified obstacles and challenges is a shared responsibility between the EU and national governments, businesses and civil society. Together we need to strengthen what we do well and to make those extra steps to address the persistent gaps that hinder stronger and more effective innovation in and across Europe. These collective efforts will need at the same time to build on and be reinforced by relevant programmes and actions at Member States level.

Against this backdrop, ministers are invited to discuss the following two questions:

- 1. What opportunities do you see in the context of the proposal for the next MFF to increase the uptake and impact of R&I across policies?*
- 2. How can R&I in the next MFF help to address the major transformations that Europe's societies and economies are facing?*