



**COUNCIL OF  
THE EUROPEAN UNION**

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**RECH 20  
COMPET 52**

**NOTE**

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From: Presidency  
To: Delegations  
Subject: Research aspects of the European Semester/Annual Growth Survey

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Delegations will find for their information, in annex, a Presidency note on "Research aspects of the European Semester/Annual Growth Survey" in view of the Research Working Party on Monday 4 February 2013 and with a view to the Policy debate at the next Competitiveness Council (18-19 February 2013).

## Research aspects of the European Semester/Annual Growth Survey

1. The Annual Growth Survey (AGS) for 2013 (published by the European Commission on 28 November 2012), launches the 2013 European Semester for economic policy coordination, which ensures the Member States align their budgetary and economic policies with the Stability and Growth Pact and the Europe 2020 strategy. It is the basis for building a common understanding about the priorities for action at the national and EU level as the Union seeks to return to a path of sustainable growth and job creation. The AGS should feed into national economic and budgetary decisions, which Member States will set out in Stability and Convergence Programmes, (under the Stability and Growth Pact) and national reform programmes (under the Europe 2020 strategy) in April 2013. These programmes will form the basis for the European Commission's proposals for Country Specific Recommendations (CSRs) in May 2013.
2. The AGS recommendations are unchanged from those of the AGS 2012, namely to:
  - (i) pursue differentiated, growth-friendly fiscal consolidation;
  - (ii) restore normal lending to the economy;
  - (iii) promote growth and competitiveness for today and tomorrow;
  - (iv) tackle unemployment and the social consequences of the crisis; and
  - (v) modernise public administration.
3. The EU economy is slowly starting to emerge from the deepest financial and economic crisis in decades. However, although important action has already been taken and there are positive trends, we remain some distance from Union-wide and sustainable recovery. Currently, there is little prospect of significant growth resuming in the near term.

4. Without a strong and innovative EU, we will be unable to compete in emerging sectors and technologies with the growing powerhouses of the BRIC countries. Essentially, in a situation where there is little scope to boost growth on the basis of macroeconomic policies, growth will derive from increased productivity and higher added value through innovation, research and education/upskilling of human resources, labour-market flexibility and reforms and strengthening and deepening of the internal market. European Union instruments for lending to small and medium-sized enterprises (SMEs), and funding for research and infrastructure investment will also play an important part. Private sector investor leverage could multiply the impact of public policy measures significantly.
5. Research and innovation has an important role to play in boosting competitiveness, growth and jobs. Continued progress by Member States towards meeting their Europe 2020 commitments on R&D investment will make a valuable contribution. In this respect, it is paramount that private investment in R&D is complementing public efforts in reaching the 3% objective for research investment in Europe. However, in the context of pursuing differentiated, growth-friendly fiscal consolidation, the efficiency and effectiveness of this investment is critical. This would include effective measures to support the capacity of European industry to innovate and compete globally and to leverage private investment in new technologies and market opportunities, including national reforms to support the building of an Innovation Union and the completion of the European Research Area.
6. Annexed to this note is the opinion of the European Research Area Committee on the Annual Growth Survey 2013 adopted by written procedure following its meeting of 25 January 2013. The opinion sets out a number of observations and proposed priorities with a view to reinforcing the contribution of research and innovation to, and their impact on, the European Union and Member State policies on competitiveness, growth and jobs.

7. In the light of the overall context described above and in the annex, the Presidency invites the Council (Competitiveness – Research part) on 18 February 2013 to address the following questions focusing on research and innovation, with a view to contributing to the European Semester exercise. The Council members are invited to respond to the following three questions:

- How do we ensure that Europe is at the forefront of anticipating the next wave of technological development and market potential and how can we optimise Europe's leadership position in this regard?
- Can Public Private Partnerships be developed to support investment in Research and innovation ? Do we have good examples?
- How to best promote the translation of R&D results into jobs and marketable products and services ?

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