



Brussels, 15 November 2024
(OR. en)

15553/24

RECH 500
COMPET 1101

NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. prev. doc.:	15377/1/24 REV 1
Subject:	<i>Preparation of the Council (Competitiveness (Internal Market, Industry, Research and Space)) on 28-29 November 2024</i> <i>Draft Council conclusions on strengthening the competitiveness of the EU, reinforcing the European Research Area and overcoming its fragmentation</i> <i>- Approval</i>

1. In its conclusions of 18 April 2024¹, the European Council listed research and innovation as one of the key competitiveness drivers and called for fostering a more innovation-friendly environment based on excellent science, while increasing investment in research and development to meet the 3% GDP expenditure target.
2. In its conclusions of 23 May 2024 on the ex-post evaluation of Horizon 2020 and future outlook², the Council noted that the Framework Programme is instrumental for the Union's political and policy priorities, including the development of the ERA in which researchers, scientific knowledge and technology circulate freely, strongly contributing to the Union's competitiveness and resilience.

¹ EUCO 12/24

² 10183/24

3. In September 2024, the Hungarian Presidency organised an informal ministerial debate on the very timely topic of strengthening European competitiveness through R&I and reducing fragmentation in the ERA, and soon after the discussion and based on its results tabled a set of draft Council conclusions on strengthening the competitiveness of the EU, reinforcing the European Research Area and overcoming its fragmentation.
 4. The text was discussed by the Research Working Party at its meetings on 30 September, 15 October and 5 and 13 November 2024. The fourth version of the text was accepted with some further adjustments in the context of an informal written consultation, whereby an agreement has been reached at technical level.
 5. The Permanent Representatives Committee is invited to confirm the agreement reached at technical level on the text as set out in the Annex to this note, with a view to submitting the draft conclusions for approval by the Competitiveness Council (Research) at its meeting of 29 November 2024.
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**DRAFT COUNCIL CONCLUSIONS ON STRENGTHENING THE COMPETITIVENESS
OF THE EU, REINFORCING THE EUROPEAN RESEARCH AREA AND OVERCOMING
ITS FRAGMENTATION**

The COUNCIL of the EUROPEAN UNION,

RECALLING

- its conclusions of 28 May 2021 on Deepening the European Research Area: Providing researchers with attractive and sustainable careers and working conditions and making brain circulation a reality, which stress that uneven flows of researchers need to be addressed at national and at European levels and highlight the need to support lower performing research systems to increase their attractiveness;
- its Recommendation of 26 November 2021 on a Pact for Research and Innovation in Europe, as well as its conclusions on the Future governance of the European Research Area (ERA), envisaging strengthened cooperation among EU member states to foster a competitive ERA;
- its conclusions on the New European Innovation Agenda (NEIA) of 2 December 2022, which stress the importance of balanced brain circulation, and highlight the need to accelerate the access to scale-up financing for start-ups and SMEs, to foster, attract and retain talents, including deep-tech ones, to improve and consolidate innovation ecosystems and to tackle the innovation gap in Europe;
- its conclusions of 2 December 2022 on Research Infrastructures, calling notably for the long-term sustainability of European research infrastructures to be ensured, and for the research infrastructures ecosystem in Europe to be advanced;

- the **European Council** conclusions of March 2023 and April 2024, underlining the importance of fostering a more innovation-friendly environment based on excellent science accelerating market uptake and scale-up and increasing future investments towards meeting the R&D 3% GDP expenditure target;
- its conclusions of 8 December 2023 on strengthening the role and impact of research and innovation in the policymaking process in the Union, which point out that science-informed policymaking processes can enhance the quality and reinforce the coherence of policy initiatives and strengthen the Union's competitiveness and that greater coordination across innovation ecosystems and a more efficient use of all capabilities and resources would improve competitiveness and innovation performance of the Union and the lives of citizens;
- its Recommendation of 18 December 2023 on a European framework to attract and retain research, innovation and entrepreneurial talents in Europe, which calls for framework conditions to retain talented researchers in the Union, stresses the importance of supporting attractive research careers and strengthening the research management capacity;
- its Recommendation of 2 December 2022 on the guiding principles for knowledge valorisation, which aims for adopting a common line on measures and policy initiatives for improving knowledge valorisation in the Union;
- its Recommendation of 23 May 2024 on enhancing research security, which aims for greater consistency of approach across the Union and recommends that Member States work towards developing and implementing a coherent set of policy actions to enhance research security;
- its conclusions of 23 May 2024 on strengthening knowledge valorisation as a tool for resilient and competitive industry and for strategic autonomy in an open economy in Europe, calling for the facilitation of access to risk funding and the rise of private and public seed and growth capital as well as the interconnection of innovation ecosystems, research and technology infrastructures and other actors of the ecosystems to be facilitated;

- its conclusions of 23 May 2024 on the ex-post evaluation of Horizon 2020 and future outlook, underlining the pivotal role of the Framework Programme as the central instrument at EU level to support R&I;
- the Commission Communication of 22 October 2024 on the implementation of the ERA, which takes stock of the progress achieved, while outlining possible avenues for the evolution and development of the ERA in the future;
- the Letta report published on 10 April 2024, calling for a fifth freedom of the Single Market to be realised by enabling, among others, the free movement of research and innovation;
- the Draghi report published on 9 September 2024 urging the EU to unlock its innovative potential through refocusing its collective efforts in closing the innovation gap with other global economies,

Enhanced role of R&I in boosting the EU's competitiveness

1. REAFFIRMS the EU's commitment to enhancing its long-term competitiveness, prosperity, climate neutrality by 2050, and leadership on the global stage. EMPHASISES the pivotal role played by the Union's and Member States' R&I policies in attaining this objective. ADVOCATES for embedding R&I at the heart of the Union's and Member States' strategies. REAFFIRMS that to strengthen the EU's competitiveness, it is paramount to improve the international position and leadership of the Union through groundbreaking fundamental and applied research and disruptive innovation, as well as scientific excellence. STRESSES the growing and interconnected challenges faced by the Union, in terms of boosting competitiveness, accelerating the twin transitions, securing cohesion and inclusiveness, and ensuring both economic security and strategic autonomy, while preserving an open economy. CONSIDERS that R&I in line with the EU core values and priorities, including competitiveness combined with economic, environmental and social sustainability, should play a key role in overcoming these challenges.

2. TAKES NOTE of the Draghi report on "The Future of European Competitiveness", aiming at fostering the competitiveness of the Union, especially in advanced technologies.
- WELCOMES the report's detailed analysis of global competitiveness and research and innovation trends, its vision where R&I can contribute to improving productivity and competitiveness as well as RECALLS the Budapest Declaration³ underlining the urgency to close the innovation gap both with our global competitors and within the EU.
3. REITERATES the key importance of increased investments in R&D and the goal of meeting the 3% of GDP target, most recently reiterated by the **European Council** in its conclusions of 17-18 April 2024 and in the Budapest Declaration of 8 November 2024 to meet this target by 2030, while EMPHASISING the need for efficient use of EU R&I framework programme funds and ensuring alignment between national and EU funding, thus leveraging both additional public and private investments. RECALLS that the Council Conclusions on the ex-post evaluation of Horizon 2020 recognized the necessity of an adequate budget and stability during the implementation phase of the EU R&I framework programme, without prejudice to the future MFF of the Union. RECALLS the need to mobilise public R&D related investments at national and EU level, and to design and implement R&I policies and reforms that will create the right conditions to incentivise stronger private R&D investments. Moreover, ENCOURAGES Member States and the Commission to identify the optimal policy mix that will increase private expenditure to two-thirds of R&D investments.

³ [Budapest Declaration on the New European Competitiveness Deal](#)

4. NOTES that knowledge and ideas drive competitiveness and that the Union depends on effectively mobilising the talent and the creativity of its entire R&I community by fostering access to R&I funding and collaboration based on scientific excellence and through concrete measures towards simplification. ARGUES therefore for investing in national R&I systems and for focused and efficient EU R&I framework programmes funding excellent R&I. Furthermore, STRESSES the importance of addressing European and global socio-economic challenges through broad, inclusive and strategic pan-European collaborations with the engagement of both private and public entities and EMPHASISES the European added value of both small and large-scale collaborative R&I projects.
5. RECOGNISES that overcoming the innovation divide among the Member States is important to improve European competitiveness. ACKNOWLEDGES significant efforts undertaken in this regard, nevertheless, substantial progress remains necessary. Therefore, EMPHASISES that reducing the innovation divide requires continuous effort through national reforms and investments and relevant EU programmes supporting R&I, without prejudice to the future MFF. Therefore, RECALLS the invitation to the Commission to assess and present the impact of various options towards a more effective approach, including tailor-made actions for widening countries, that consider the root causes identified and contribute to closing the R&I divide. NOTES that spreading excellence through collaboration across Member States would contribute to avoiding deepening existing inequalities.
6. STRESSES that it is essential to continue building and reinforcing R&I ecosystems by interlinking the actors of the quadruple helix at the EU, national and regional levels and ensuring the impact of excellent research results and innovative solutions to address socio-economic challenges and enhance strategic autonomy and digital sovereignty. POINTS OUT that these R&I ecosystems should reflect the challenges, needs and opportunities, by building on strategic areas of regional strength, for example, in line with the principle of smart specialisation strategies.

7. HIGHLIGHTS the importance of evidence-informed policy- and decision-making at EU and national level, and of a co-creation process that enables all actors in the quadruple helix (academia, government, industry, and society) to channel in their knowledge and experience.
8. REAFFIRMS the importance of international cooperation to drive the excellence and the world-class R&I required to improve Europe's competitiveness and deliver on societal challenges around climate change, health and digitalisation with global partners. Given the increasing geopolitical relevance of R&I, STRESSES the need to ensure proportionate and efficient measures to improve research security are in place.

Role of the ERA in increasing competitiveness and decreasing fragmentation

9. SUPPORTS the reinforcement of the ERA, as it contributes to the Union's competitiveness. HIGHLIGHTS the significant progress under the first ERA Policy Agenda (2022-2024) and the importance of taking stock of the lessons learnt. EMPHASISES the critical role played by the new ERA policy framework and ERA governance structures put in place in 2021, in particular the co-design and co-implementation approach. REAFFIRMS the importance of securing the commitment of at least half of Member States to ensure broad political support for the implementation of the ERA Policy Agenda and a voluntary and flexible approach to the implementation of the ERA actions, the so-called variable geometry concept, while recognising the need to continue to work together to achieve the single market for knowledge, research and innovation and reduce fragmentation as reiterated in the Commission Communication on the implementation of the ERA.
10. SUPPORTS the ambition of the new phase of the ERA Policy Agenda (2025-2027) to accelerate joint initiatives to strengthen core R&I values and capacities in Europe, and to create synergies between R&I and education, industrial and sectoral policies, as requested by the Pact for R&I. STRESSES the need to stay focused to reach tangible outcomes and impactful results through a streamlined set of actions in a transparent and efficient manner in order to fulfil the objectives of the ERA. STRESSES that ERA actions should address the Pact priorities, aiming for an appropriate balance between an ambitious and achievable work plan, and respond to a need for joint actions at European level.

11. ENDORSES the importance of strengthening synergies between relevant funds and programmes of the Union and Member States, to support the development of the ERA; in particular, REITERATES the need for better alignment of the Framework Programme with the policy framework of the ERA. RECALLS the importance of ensuring consistency between ERA actions and relevant policy initiatives, such as the New European Innovation Agenda. NOTES that these synergies should be explicitly geared towards realizing the Strategic Agenda of the EU (2024-2029).
12. REITERATES the need for a strengthened role of the European Research Area and Innovation Committee (ERAC) in joint priority setting and strategic planning together with the role of the ERA Forum and other relevant thematic groups in the implementation of the ERA Policy Agenda, leading to better coordination and alignment between EU and national policy planning and implementation. WELCOMES the fact that the renewed ERA has resulted in increased engagement of stakeholder organisations and SUGGESTS enhancing stakeholder participation, particularly industry, through a review of the categories represented at the ERA Forum.
13. POINTS OUT that the relevant recommendations from the Letta report, in particular on a “fifth freedom”, and those from the Draghi report should be considered within the context of Article 179(1) TFEU, in order to develop a fully functioning ERA. INVITES the Commission to work together in close collaboration with the Member States, and where appropriate Associated Countries and stakeholder organisations to develop the ERA by removing the remaining barriers to free circulation of researchers, scientific knowledge, technology and data, and for boosting the implementation of the Pact for R&I and the Single Market. RECALLS that strategic areas of common interest could include research and technology infrastructures, open science, transnational and international cooperation, gender balance in R&I, joint programming, research careers and the mobility of researchers, as well as structural reforms in the ERA.

14. HIGHLIGHTS the importance of monitoring the progress of developments in realising the ERA and ACKNOWLEDGES that the ERA Monitoring Mechanism provides facts and insights on the progress. INVITES the Commission and Member States to fine tune this mechanism by formulating the ERA country reports collaboratively by experts and Member States, and providing a supportive framework that fosters stronger commitment to national reforms in R&I and evidence-informed policymaking.

Unlocking and Empowering Europe's Talent Potential

15. ACKNOWLEDGES that talent is a key asset for driving economic growth, competitiveness, innovation and technological development, as well as societal progress. REMINDS that the priorities agreed in the Council Recommendation on research careers, including academic freedom, institutional autonomy and adequate career perspectives, play a key role for developing R&I talent and maintaining Europe as a globally attractive location for research. Therefore ADVOCATES for national as well as European policies, initiatives and programmes that encourage brain circulation and tackle brain drain, as well as support talent and careers, such as the European Research Council (ERC) and Marie Skłodowska-Curie Actions. ENCOURAGES the promotion of gender equality, gender balance, equal opportunities and inclusiveness for researchers from all backgrounds, and promoting the use, implementation and monitoring of instruments of institutional change, such as inclusive gender equality plans.
16. STRESSES the importance of opening up and reinforcing Europe-wide networks of researchers, entrepreneurs, innovators, and research managers and support professionals, to enable better circulation of knowledge, ideas and people. HIGHLIGHTS the Europe-wide added value and track record of COST (European Cooperation in Science and Technology) actions in creating inclusive R&I European networks spilling over to generate excellent know-how and R&I collaborations.

17. URGES the Commission and the Member States to empower researchers, entrepreneurs, innovators and all research managers and support professionals to improve their skills, competences and attitudes towards excellence and impact, enabling the uptake of digital technologies, in order to meet the market and sector needs. CONSIDERS that stronger attention should also be paid to early-stage researchers' careers and gender gap in any future policies, as well as raising the visibility of role models and success stories who can nurture talent. STRESSES that increasing competitiveness requires a change in the attitude of the actors in the R&I ecosystem towards the interconnectedness of science, research, innovation, entrepreneurship, knowledge valorisation and risk-taking, namely through intersectoral mobility and dialogue.

Building bridges: Strengthening Europe's Research and Technology Infrastructures

18. ACKNOWLEDGES the significance of European Research and Technology Infrastructures as strategic assets to boost R&I, scientific discoveries and deep-tech developments and the translation of knowledge into innovation at regional, national and European levels, and of training and employing highly skilled researchers and professionals. TAKES NOTE of the capacity of Research and Technology Infrastructures to have a strong role in increasing the R&I potential of research performing organisations (RPOs), start-ups and SMEs, and industry in local and regional ecosystems, thus enhancing competitiveness, and overcoming fragmentation. ENCOURAGES better use and deployment of Research and Technology Infrastructure facilities and services across the entire EU. WELCOMES the progress made by the Commission in presenting a report on policies supporting Technology Infrastructures in the EU and CALLS on the Commission to continue its work together with Member States and stakeholders.

19. RECALLS the Tenerife Declaration on Research Infrastructures⁴, which called for ensuring long-term sustainability of RIs, covering not only their design and construction, but also their governance, operations and service provision, for which adequate funding schemes and mechanisms should be explored. REITERATES that concrete further actions at national and European level would be needed to address these challenges, in particular for a better engagement of smaller Member States. Furthermore, STRESSES the complementary roles of the Commission, the Member States and private actors, towards securing the necessary funding for research and technology infrastructures with European relevance (especially ESFRI landmarks and ERICs) to enable increased and more inclusive access.
20. CALLS on the Commission and Member States to promote open science and open innovation practices and infrastructures, which facilitates the sharing of knowledge, data, and resources across borders, following the principle of “as open as possible, as closed as necessary”.

Driving Innovation: Unleashing Growth and Investment in Europe

21. CONSIDERS it a priority to ensure flexible and investor friendly business framework conditions for innovation in line with the global trends that facilitate the operation and growth of start-ups and scaleups within the Single Market, thereby boosting innovation and strengthening the Union’s technological capabilities and competitiveness.
22. RECOGNISES the importance of disruptive innovation and technologies to improve the EU’s competitiveness. ENCOURAGES the Commission and Member States to investigate the need to develop support schemes that promote high-risk / high-reward innovation activities. REAFFIRMS the need to continue to support all types of innovation – from incremental to breakthrough innovation – and ensure that SMEs are supported to innovate and strengthen their resilience, which will accelerate competitiveness.

⁴ [230926_Declaration_Tenerife.pdf](#)

23. NOTES that, as pointed out by the Draghi report, the EU's deficit in developing new technologies and scaling them up to reach their full business potential is also driven by insufficient private expenditure in R&I and a relatively underdeveloped financial ecosystem. STRESSES the importance of engaging private venture capital investments in innovation funding and REITERATES the significance of encouraging pan-European private investments to address crucial market gaps. ENCOURAGES the Commission and the Member States to provide incentives for private investors, business angels, and crowdfunding platforms to increase private investment in innovation funding and mainstream risk-taking investment culture. ACKNOWLEDGES the importance of strengthening and simplifying the strategic use of innovation procurement, to accelerate the development and deployment of innovative solutions in Europe.
24. ENCOURAGES the Commission and the Member States to make the funding instruments more attractive, efficient and less complicated for applicants and beneficiaries by significantly reducing their administrative burden (especially in the case of venture capital investments), spreading the use of rolling deadlines and regulatory sandboxes.
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