

COMMISSIONER MAIRE GEOGHEGAN-QUINN AT THE BRIDGE FORUM DIALOGUE IN LUXEMBOURG : "INNOVATION AND COMPETITIVENESS IN EUROPE"

6 October 2011

By Rosmarie Carotti



Mr Rolf Tarrach, Rector of the University of Luxembourg, Mrs Maire Geoghegan-Quinn, Commissioner for Research, Innovation & Science and Mrs Rosmarie Carotti, Editor in Chief of the "Journal" of the European Court of Auditors

The Journal regularly reports on the debates held in the Bridge Forum, of which Mr Vitór Caldeira, President of the European Court of Auditors is one of the Vice-Presidents. This time, the conference was under Mr Richard Pelly, Chief Executive of the European Investment Fund, who replaced Mr Yves Mersch, Governor of the Central Bank of Luxembourg and the President of the Board of Directors who could not be present.

Mr Rolf Tarrach, Rector of the University of Luxembourg participated as Member of the Board but also actively contributed his views on the EU policy for research. His sometimes critical remarks were a precious input for Mrs Geoghegan-Quinn who was looking for a dialogue and a response to her ideas on how best foster innovation and competitiveness in Europe.

Princess Sybille and Prince Guillaume honoured the Bridge Forum with their presence.

Commissioner Geoghegan-Quinn was from 2000 to 2010 Member of the European Court of Auditors, which is why the Journal was granted a special interview which it is pleased to publish in annex. Since February 2010, Mrs Geoghegan-Quinn has been European Commissioner for Research, Innovation & Science.

One year ago the Commission launched the Innovation Union flagship initiative in response to Europe's need of greater competitiveness in respect of the US and Japan and in the light of the rapid catching up of emerging economies like China and India.

Mrs Geoghegan-Quinn wants to develop a distinctive European approach to innovation based on Europe's strengths: its excellence in research, its internal market of five million people, and a big public sector with the potential to stimulate innovation by public procurement, and Europe's immense cultural depth and diversity. She not only wants to raise the level of innovation but also to change its direction, tackling the grand societal challenges such as climate change, energy security and the impact of aging.

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At a time of austerity, Commissioner Geoghegan-Quinn has managed to retain the target of 3% of GDP for research. This target was complemented with an indicator measuring the share of fast growing innovative companies in the economy. According to economists, reaching the 3% target would create nearly 4 million jobs in Europe and increase annual GDP by 700 billion euro by 2025. But with 2% GDP Europe is still some way away from the target.

In research and innovation, the Commission has put in place a significant number of simplification measures and is proposing EU-wide competition to raise excellence, mobility of researchers and leveraging public and private finance to EU projects. Concretely this means that the Commission is proposing to increase investment in research, innovation and education.

There is one issue above all others which will determine the innovation performance of Europe: the quality of human capital. Too many European universities are slipping down the international league tables; it is time indeed to tackle sensitive issues such as the autonomy of universities, their freedom to draw in funding from private sector, to recruit the people they want and determine the salaries.

Smart specialisation is a concept which is central to the Commissioner's approach. All regions can be excellent at something, concentrating on their strengths rather than spreading out too thinly in an attempt to be excellent at everything. This goes for Universities as well.

In research, the major challenge is to get better at bringing the ideas to market, too many of them being commercialised elsewhere. But a great deal of innovation has little to do with research. There is a new breed of small firms that are growing at rates never seen before, Google, Facebook, Twitter, just to name a few, and Commissioner Geoghegan-Quinn wants to see more of these companies in Europe.

Fiscal consolidation is a necessity, but is the EU to come out stronger from the current crisis, it must choose fiscal consolidation that is smart; which means that by cutting public deficits and undergoing structural reforms, the future sources of growth must be preserved and boosted.

There is a balance in the proposals between fundamental and applied research, between a top-down approach and a bottom-up approach. To achieve excellence also in all parts of the Union where it hardly exists, the Commissioner is including synergy between Horizon 2020 and the structural funds. Simplification of research and innovation funding under Horizon 2020 will help the less experienced regions to become fully involved in European projects and help SMEs as well.

As a former Member of the ECA, Commissioner Geoghegan-Quinn knows that there are a few things as complicated as simplification. To that effect she wants to work closely with the European Parliament to strike exactly the right balance between effective control on taxpayer's money and an efficient system that encourages scientists and entrepreneurs to apply.

To bring the inventions successfully to market Commissioner Geoghegan-Quinn will propose stronger support from public-private partnerships in Horizon 2020. Standardisation is hugely important for competitiveness but the process is simply too slow in Europe to keep pace with the technological developments.

Europe should also use the huge public procurement market in a strategic way to leverage the take off of public innovative start-ups and services. Innovative procurement is not of course something that can be done at European level but Horizon 2020 will contain incentives to encourage authorities at national and sub-national level to do more and to join forces with authorities in other Member States.

But the biggest tier of all is access to finance. In an address to European Parliament on the 28th of September, President Barroso underlined the need to boost the use of venture capital in Europe to

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fund young and innovative companies. He urged the Union and Member States to consider how to allow the European Investment Bank (EIB) to do more exploring ways to reinforce the EIB resources and capital so that they can lend to the real economy.

By the end of the year the Commission will put forward a proposal for an EU-wide venture capital scheme combining the EIB, other financial institutions and national operators. During 2012 the Commission aims to lift the remaining legal and administrative obstacles to the cross-border operation of venture capital funds.

Commissioner Geoghegan-Quinn wants specialists from different disciplines to work together. She wants the EU-funded research to help secure European leadership in some of the parts of technology which will come tomorrow. As well as increasing cooperation and coordination, the European Research Area will increase competition in analogy to the Single Market by exposing businesses to more competition.

In February this year, the European Council gave a strong backing to the European Research Area, setting a deadline, 2014. The efforts focus on five objectives: mobility of researchers, joint programming and other forms of cooperation, dissemination, transfer and use of research results, construction of priority European research infrastructure and speaking with one coherent voice to the existing superpowers and the emerging ones. To better understand what needs to be done, Commissioner Geoghegan-Quinn has launched a wide-ranging public concertation which will end November 2011, to find out if these are indeed the most important objectives.

Innovation Union concentrates on what needs to be done at EU level but also each Member State needs to draw its own innovation strategy setting out its own path. Commissioner Geoghegan-Quinn hopes that this will be absorbed into the national reform profiles which MS prepare now each year as part of the European semester process.

Closing her address, Commissioner Geoghegan-Quinn issued a very warm invitation to come to the Innovation Conference on 5-6 December in Brussels.

INTERVIEW WITH COMMISSIONER MÁIRE GEOGHEGAN-QUINN

By Rosmarie Carotti



R.C.: Commissioner, you speak today on "Innovation and Competitiveness in Europe" at the Bridge Forum Dialogue. You have been a Member of the European Court of Auditors from 2000 to 2010 and this is an occasion to meet informally your former colleagues. But which are the professional contacts of a Commissioner with the ECA?

Commissioner Geoghegan-Quinn : In my role as Commissioner responsible for the expenditure managed by the Directorate-General for Research and Innovation and its Executive Agencies, I ensure that the research and innovation budget is managed in accordance with the principle of sound financial management. The recommendations from the European Court of Auditors are a very important element in this process especially in what concerns improving our management and control systems and, as such, I ensure that the Court's recommendations are fully taken into consideration.

I am happy to see that there are very good working-level relations between us and the Court, though I do of course keep a close eye on it. I am particularly interested in the conclusions of the Court in its Annual Report and, as its publication approaches, I keep the issue under close scrutiny. Beyond the yearly meetings between Members of the Court and Members of the Commission, I exchange views regularly with colleagues from the Court who are responsible for the auditing of the research budget.

R.C.: The 7th Framework Programme is the EU's main instrument for funding research in Europe and is also designed to respond to Europe's employment needs, competitiveness and quality of life. Your greatest concern is the innovation gap in Europe. What makes it that it is difficult for European researchers to find their way into the market?

Commissioner Geoghegan-Quinn : There are a number of reasons why Europe finds it hard to become an innovation world leader.

First, we simply do not invest enough in our knowledge-based system in relation to our main competitors, such as the USA and Japan. The austerity measures undertaken in many European countries are meant to cut public deficits and allow for structural reforms. We must however be careful to preserve and boost our sources of growth and jobs at the same time as strengthening our ability to compete. The key in this respect is to continue to invest in innovation, research and education, despite the financial constraints. Only in this way can we build our innovation performance and compete on the global scene while tackling the pressing societal challenges.

Second, we do not invest in the most efficient way given the fragmentation and duplication which exists in our research and innovation system. Researchers should be able to work and cooperate across the EU as well as within national boundaries. This is why I am committed to complete the European Research Area by 2014, as called for by our Heads of State and Government in February earlier this year.

Third, we need to turn the European Union into an Innovation Union with a strong innovation-friendly environment across Europe. This will encourage the creation of new knowledge and support its use in developing useful and attractive products and services which reach the market faster and more effectively. This means first and foremost getting rid of the barriers that hamper innovation, such as unnecessarily expensive patents, marketplace fragmentation, delays in setting standards, insufficient access to risk finance, insufficient use of public procurement to stimulate innovation, and shortages of skilled workers. These obstacles must be all consistently tackled jointly by the EU

R.C.: Research is funded through many channels. Please indicate the main ones and how they relate to each other.

Commissioner Geoghegan-Quinn : The funding landscape for research and innovation at the European Union level has evolved over the past decade to become rich and diversified. This has not always made it easy for researchers and innovators to access European funds. For me, the example of young and bright researchers and entrepreneurs who take the risky step of investing in their own business is a crucial one. This is why the Commission proposed earlier this year to bring the different components of research and innovation funding together under a single programme and to streamline the set of funding instruments.

The new generation programme "Horizon 2020", will therefore simplify the EU funding for research and innovation by proposing three main pillars. One aimed at raising the excellence of our science base, where scientists will be called upon to propose their research priorities. One aimed at making our businesses more competitive, where they get a strong voice in the agenda-setting. One aimed at tackling major societal challenges such as climate change, energy, demographic change, transport or resource efficiency, where society will be in the lead in setting the priorities. It will also be in Horizon 2020's nature to foster actions which cut across the three pillars above, integrating the research and innovation activities in a seamless way to achieve our policy objectives.

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