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Simply innovation

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

EU Government and Innovation Conference

Brussels, 8 May 2012

Ladies and gentlemen,

I would like to start by thanking Mr Jay Nibbe from Ernst & Young for the invitation to address such a distinguished audience this afternoon. I am grateful for the opportunity to speak to you about the Commission's priorities for innovation, which is at the very core of Europe 2020, our growth and jobs strategy for Europe.

One of the greatest and best-known innovators of our time, Steve Jobs, once said that: "Innovation distinguishes between a leader and a follower".

And without doubt, leaders have to be innovative if we are to overcome the challenges that Europe, and indeed the wider world, faces today.

I believe that the current crisis - beyond its severe financial, economic and social impact - is also a great opportunity for Europe to revisit our way of doing things.

It has opened our eyes to a fast-growing multi-polar world and reinforced our view that we need to do things differently if we are to compete on an equal footing with our global partners.

In short, Europe's recovery and future prosperity depend on our ability to innovate, to bring together research, innovation and education, and to turn new ideas into products, services, jobs and well-being for our citizens.

More innovative approaches will allow Europe to build on our strengths, maximise our resources and make our models more competitive, but also more sustainable.

And I am grateful to Ernst & Young and CEPS for their commitment to engaging business leaders in the debate on the European Union innovation policy, with the Ernst & Young report on "Growing beyond innovation policy: lessons from successful entrepreneurs" and the CEPS report on "The power of simplicity: steering the European Union towards a prosperous and innovative future".

Ladies and gentlemen,

There is no doubt that the pace of global change is unprecedented. You all know the figures about emerging economies, I am not going to repeat them.

It is not short of world-class innovators with the skills and ideas to drive Europe forward. A number of our Member States are world leaders in several fields from manufacturing and design to aerospace and telecommunications. But the truth is that performance is very uneven across Europe. Our collective innovation performance is not good enough. Europe risks losing ground on several fronts.

And today China, Brazil and India are rapidly catching up with massive investments in education, research and innovation. The reality is that we have to do more and better.

In March this year, at the peak of Europe's fight for growth and jobs, the European Council, following a proposal from the Commission, confirmed the crucial role that innovation plays in generating growth and jobs.

Heads of State and Government called for stepping up efforts on creating the best possible environment for entrepreneurs to commercialise their ideas and create employment.

This is a lesson to remember as the European Union economy is going through the most challenging time since the beginning of the European integration process: we need fiscal consolidation, but we need smart fiscal consolidation. This is the way to promote growth and competitiveness for today and tomorrow.

Cutting spending in key areas such as innovation, education, research and development would not be smart. It would be the shortest way to lower growth and fewer jobs in the future. Investment in innovation is about future-proofing our economy. It is about competitiveness, it is about creating the jobs of tomorrow.

We know that those countries that have consistently invested the most in research and innovation, I could count among others Finland and Germany, have weathered this crisis much better than those that lagged behind. Indeed, there is a strong correlation between the economic rebound of Member States in 2010 and their average level of R&D investments over the period 2004-2009.

In the private sector also, there is more job-creation in research and development-intensive sectors. According to the 2010 Industrial R&D Investment Scoreboard, employment grew by nearly 7% in those companies with high R&D intensity.

That is why it is essential to achieve the right level of public and private support, so that we create a fruitful ecosystem to allow innovation to thrive.

This is why we have the Innovation Union flagship. It is a strategic and integrated approach to what we believe is a strategic priority. It aims at creating the conditions conducive to a successful innovative Europe.

Innovation Union is about building bridges between European and national innovation and research systems, between public and private sectors, between science and business, between Europe and our international partners. It is precisely about doing more, better and faster, to remove bottlenecks to innovation and growth.

Business is the engine of innovation, and I would argue that we have taken 'the power of simplicity', to develop this smarter and simpler policy, with one guiding principle - the translation of ideas into innovative goods and services that create growth and jobs.

We have made good progress in the last year and have launched and implemented 30 of the 34 Innovation Union commitments. The Commission has put forward all six legislative proposals announced. They aim at removing innovation bottlenecks by measures such as, and I am going to quote several:

- Introducing a unified patent, which would cut the costs of patenting in Europe by 80%, and I very much hope that an agreement on our proposal can be found in the Council by end of June; I am now hopeful that this is going to be the case. After 3 years of discussions, I think it is time for that decision.
- Modernising and accelerating the standard-setting to develop and gain future markets, and good progress is being made on the Commission proposal for a revised standardisation framework;
- Creating a single market for venture capital funds, through an EU passport, so that funds can invest in innovative European enterprises, with a simple, single registration in a home Member State; and
- Using the power of public procurement for innovation, through concrete innovation-friendly proposals in our procurement directives.

To effectively and simply finance innovation, helping our entrepreneurs and businesses make the leap from idea to market, the 80 billion euros that we have proposed for our Horizon 2020 programme is our blueprint for the future. It represents a major step forward by bringing together, in one single programme, all research and innovation actions, right through to commercialisation.

Horizon 2020 – which as you know is part of our proposals for the next budget 2014-2020 - will focus on major societal challenges and on industrial competitiveness, with the following key innovations:

- Firstly, a strong focus on industrial leadership, with nearly 18 billion euros to cover support for testing, piloting, and demonstrating new technologies;
- Secondly, tackling societal challenges, such as improving our healthcare, greening our transport, and improving safety and security of our food, with a proposed budget of €32 billion.

Horizon 2020 also drastically simplifies the rules governing EU funding: we have proposed a radical simplification across the entire financial framework, with more coherence and clarity of rules, clearer priority objectives and indicators, simplified forms of grants and a decisive move towards a faster delivery of payments.

This applies specifically for SMEs, for which we will also provide targeted financial support to all types of SMEs through a Programme for the Competitiveness of Enterprises and SMEs (COSME), with a proposed financial envelope of 2.5bn euros. Horizon 2020 will also play a key role in fostering an excellent research base and let me mention three pillars of this strategy:

- Firstly, the European Institute of Innovation and Technology, established in 2008 at my initiative. Today I am happy to say that the EIT has successfully reached its core objective, by bringing together higher education institutions, research organisations and businesses, in new types of partnerships operating in sustainable energy, climate change and ICT. I am pleased to see that the Ernst & Young report highlights the EIT as a key driver of sustainable growth and competitiveness;
- Secondly, the European Research Council, created five years ago: 'Blue sky' research - the curiosity-driven frontier research - often sparks unexpected results and innovation. It is wonderful to see today that the ERC has become such a remarkable success story, with such strong support from the scientific community, both inside and outside Europe;
- And finally, the European Research Area: we will shortly come with proposals to foster the completion of the European Research Area by 2014, in order to create a genuine single market for knowledge, research and innovation.

History has shown time and again that growth and prosperity go hand in hand with the research-innovation-education triangle. This is what Europe 2020 is all about: a strategy to get the economy back on track over the coming decade, to support growth and job creation.

Our comprehensive growth agenda includes, among other things, our 12 proposals to break down the barriers that still hamper the Single Market in Europe. We shall follow these up with further proposals in September this year – what we will call the Single Market Act II.

Furthermore, a major push for innovation will come through achieving a true Digital Single Market: 60% of the actions proposed in the Digital Agenda will be completed at the end of 2012, with some key proposals still to come, such as forthcoming proposals on cloud computing, roaming and Internet security. The European Union digital economy is already growing at 12% each year, but has the potential to grow much more.

Free movement of transport, energy and ICT throughout Europe is the logic behind what the Commission has called the Connecting Europe Facility, for which we are proposing a budget of € 50 billion. Missing links and fragmentation in these sectors today prevent the single market from operating to its full potential.

We need coordinated investment at European level, to fill in these gaps and to make trade, business and travel easier, as well as creating a dynamic for investment that benefits the whole single market. Let's not forget that the EU, with its 500 million consumers, is the biggest integrated market in the world.

In March, European leaders gave their backing to the project bond pilot, which the Commission hopes will get off the ground soon, and will pave the way for the more systematic use of this approach through the Connecting Europe Facility. Project bonds can help to generate the critical mass between public and private funding needed to finance large-scale projects with potential to stimulate economic growth.

To conclude - we all agree on the importance of taking the right decisions for our future growth and competitiveness. I believe that acting now will pay rich dividends in the future.

We have an ambitious strategy, Europe 2020, with Innovation Union as one of its key pillars, and corresponding Commission proposals on the table. Looking at the two reports you published today, I see clearly that we broadly share the same analysis on how to improve the framework conditions for researchers and entrepreneurs to make innovation happen. I also share your view on the power of smart regulation for innovation. And I am very happy that you invited Ilaria Rosso, one of the three European women innovators awarded in 2011, to speak here. Her passion, endurance and best use of what the European Union has to offer are inspiration for all of us.

She, and many of you in this audience, are examples of the world-class innovators we have in Europe and of the enormous potential we now need to exploit.

That is why we need more Europe, not less, to succeed in a fast-changing world. And when I say more Europe, it is not more centralisation of powers. It is to make the most of the great potential of our Single Market because there are still barriers there that in fact don't allow Europeans to benefit in full from the Single Market. That is why we need stronger steps in terms of integration of markets in Europe.

At the start of my address, I said that leaders should be innovative, be it in the public or the private sphere. I believe also that leaders must make possible what is necessary. As we move forward, I look to you, as business and innovation leaders, to support our proposals, to discuss them, to continue the excellent communication and dialogue enshrined in events like this, that help to bridge the gap between government and business. And I look to you to keep innovating and to deliver growth and jobs for Europe.

Thank you for your attention.