



**EUROPEAN COMMISSION**

**Máire GEOGHEGAN-QUINN**

European Commissioner responsible for Research, Innovation and Science

**"Winning the Innovation Race"**

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

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Ladies and gentlemen,

I am very happy to be back at the Lisbon Council. It is a true ally of mine, a tireless promoter of innovation policy, and a thought leader in the field.

It was here that I outlined my plans for strengthening EU research and innovation policy after becoming Commissioner for Research, Innovation and Science.

Today is a welcome opportunity to reflect on what has happened since.

I think that the experience of the crisis has taught us that, while we need an economy that grows and provides jobs and respects environmental goals, we also need a resilient economy.

An economy that has solid foundations, not one built on sand.

An economy that generates sustainable growth, not growth fuelled by debt, speculation and greed.

An economy that can cope with shocks and challenges.

This is so important because we live in an age of transitions.

We are seeing a massive geo-political realignment.

The global economy is becoming more and more integrated.

There is no shelter for uncompetitive firms or economies.

Competitiveness is the new law of economic gravity, which no one can defy.

And now it's knowledge and ideas that drive competitiveness, not tangible assets.

Unskilled workers may lose out badly, which could damage social cohesion. The risk is hardwired inequality.

Meanwhile, challenges like climate change and energy security have not gone away. On the contrary, they are becoming more urgent by the day.

We need an economy that can withstand all this.

My own country, Ireland, illustrates the point. It is a tale of two economies.

One was based on an over-sized, under-regulated financial sector and a property bubble. It brought us down.

But the other is dynamic and competitive and enjoys export success.

That's where our future lies.

So, how do you build that kind of economy?

How do you build in resilience?

The banking union and closer fiscal union are two key ingredients.

But it also depends on the structure of the economy.

Member States need to specialise in their areas of strength – but not excessively.

They need some diversity, with a good balance between industry and services. The two are, of course, inter-dependent.

The emphasis must be on advanced manufacturing.

We need to compete – and win – in cutting edge sectors like nanotechnology, robotics, clean energy and life sciences.

We need more medium-sized firms able to occupy top positions in niche markets.

And, as the Lisbon Council, together with Telefonica, so rightly point out, we need more young firms with high growth potential.

I strongly welcome the StartUp Europe initiative that you have just announced, Ms. Castillo Sanz.

And what strikes me again and again is how central innovation is to achieving all this.

We've seen that countries – like Germany and Singapore – who placed innovation at the centre of their economic policies – have been better able to weather the economic storm.

And countries around the world know that their future depends on it. We had the arms race; we had the space race; now we have a global innovation race.

So, what is the winning formula? Well, of course, there isn't one. That's far too simplistic.

But broadly speaking, successful countries offer the best tax, infrastructure, talent and regulatory environments.

They invest in R&D and education.

They have vibrant investment and innovation eco-systems that encourage knowledge flows.

And they embrace government's role as a first adopter and catalyst of innovation in fields like health and transport.

It's vital that Member States make the right choices. That's why the new European Semester is so important; it puts national policies under the microscope; it checks their spending priorities; it's a chance to embed innovation more deeply in their thinking.

But today, I would like to focus on EU-level action? What are we doing to help Europe win the innovation race? How does it complement what Member States are doing?

Well, first of all, the Commission has presented an ambitious but realistic proposal for the EU budget for the period 2014-2020.

Through smart re-allocation of the budget, we have created room to finance new priorities, including a significant increase for research and innovation.

So, we are restructuring the budget – in a progressive direction – towards growth and competitiveness policies.

Given the rhetoric, you might think that everyone would agree with this.

A 'no brainer', you might say.

But actually I am worried that, in these budget negotiations, which will be very tough, research and innovation may be particularly vulnerable.

This is partly because scientists are not a well organised lobby.

Research and innovation lacks true champions.

I would ask you, please, to support us, and to persuade others to do so.

We need all the support we can get!

So, how would we spend the money, if we manage to secure it?

What's new?

First, if our proposals are accepted, the programme will be simpler at all levels – its overall architecture, evaluation criteria, funding rates, rules and controls.

By that I mean that it will be simpler, not for the people running the programme, but for the end user. That's what matters.

But the politics of simplification are complicated. In a legislative process, there can be last minute compromises, not always well thought through, which could undermine simplification.

I am even hearing some people say that we are "over-simplifying" the programme. There's no such thing as "over-simplification"! I would appeal to the legislators to keep this firmly in their minds.

Secondly, there will be a greater emphasis on innovation and economic impact.

Concretely, what does that mean?

It means that we will be funding more close to market activities, including pilot lines and demonstrators.

To make life simpler for SMEs, there will be a single, comprehensive programme, adapted to their needs.

It will be modelled on the long running and successful SBIR programme in the US.

Open access to scientific publications benefits small businesses as well as researchers and citizens. It will be the default setting in Horizon 2020.

There will be new financing instruments – on both the debt and the equity side – aimed at innovative, high growth firms.

Financing for riskier projects has all but dried up – we need to fill that gap.

The Risk Sharing Finance Facility has generated extra lending worth 15 times what we put into it. That's a really smart use of public money. We want to build on it.

We will support a whole series of public-private partnerships designed to drive growth and investment.

Let me give you just one example of what these can achieve.

We need new antibiotics to combat dangerous super-bugs, but it's not financially viable for individual pharmaceutical companies to develop them.

So, the Innovative Medicines Initiative is bringing together major pharmaceutical companies, university researchers, hospitals and small businesses, to tackle the problem.

It is enabling pharmaceutical companies to share pre-clinical data to deliver more effective treatments for depression and schizophrenia.

This matters because, with bigger genetic databases, you can develop personalised medicines.

You simply can't crack problems of this scale within a single company or country. It's a clear case for action at European level.

Our funding will be challenge-based, not thematic.

That's a big change.

It will allow us to bring together research and knowledge across different fields, technologies and disciplines, including social sciences and humanities, to really make a dent on the big challenges we face.

We will support innovation in all its forms – including social and public sector innovation and services innovation.

We will pull together procurers to create markets for innovative products and services.

None of this means that we are forgetting fundamental research.

Not at all!

We are proposing a doubling of funding for the European Research Council which promotes curiosity-driven research.

It was only created in 2007, but already has an enviable reputation.

If you secure a grant from the ERC, you have won a Europe-wide competition, not just a competition organised within national borders.

It's the gold standard, and internationally recognised as such.

Indeed, there will be no compromise on excellence in Horizon 2020.

But I want to see more excellence in Europe, and to see it in places where it has not existed up to now.

We are proposing a series of actions to close the "innovation divide" in Europe, including twinning of existing and emerging centres of excellence, and a new European Research Area chairs initiative.

This will fund chairs in universities and research institutes in less developed regions. The idea is to attract outstanding academics into institutions with strong potential as a means of developing them.

I am also working closely with Commissioner Hahn to maximise the synergies between our respective programmes.

This should help regions to climb the "stairway to excellence" and to improve their research and innovation capacity.

Ladies and gentlemen,

This brings me to the European Research Area - or ERA - the single market for knowledge in Europe.

It is the policy pillar that accompanies Horizon 2020.

It's rarely mentioned in the lists of key structural reforms to drive growth, but it should be.

After all, there are few sectors more strategic than research.

And, while we have made some progress since ERA was launched in 2000, researchers still complain about a host of barriers to their careers.

They cannot take their grants across borders. Their pensions are not portable. Recruitment to top positions is not always based on merit. Career structures are not clear enough. No wonder so many of our top researchers are leaving Europe.

Meanwhile, there is a scandalous waste of female talent. National funding is not always allocated on a competitive basis. And it's difficult to get cross-border projects off the ground.

That is why the Commission launched the ERA Framework in July.

Of course, some might ask why progress will be any faster now than it has been in the past.

But I am optimistic for three reasons.

First, the European Council has set a deadline for completing ERA by 2014; that will concentrate minds.

Second, we have launched a reinforced partnership with Member States.

It has been extended to include research stakeholder organisations.

Indeed, the Commission has signed Memoranda of Understanding with some of the biggest organisations.

These are not empty declarations of intentions; they contain clear commitments.

It's a new way of working and I am convinced that it can produce results.

Finally, the Commission will carefully monitor progress toward ERA objectives.

I intend each year to state very publicly how well, or how badly, each Member State is doing.

I will not shy away from 'naming and shaming.'

ERA is too important for that!

Ladies and gentlemen,

I am now half way through my mandate as Commissioner.

We are making good progress on the Innovation Union Flagship Initiative, for which I am responsible.

Of the 34 commitments, most are being implemented.

For example, we said that we would introduce a passport for venture capital funds. We proposed this in December.

We said we would modernise procurement legislation to facilitate innovation. Again, we proposed it in December.

We said there would be a European Patent. There soon will be!

I could go on.

But the longer I am in the job, the more I realise how profound the changes have to be, if we are to win the innovation race.

I think we need to look again at some of the key framework conditions that influence our innovation performance.

I'd mention two here.

The first is standardisation. This can seem a dry, technical issue, but it is of immense strategic importance.

There is an ongoing concern that the standard setting process is too slow, particularly in competitive and innovative sectors, where speed is of the essence.

For me, the critical issue is how we strengthen our position within the international standards environment.

The Commission recently put forward a standardisation package, which addresses some key issues, but also calls for a thorough, independent review of European standardisation in 2013.

I will certainly be giving this my full attention.

The second issue is intellectual property, an area where I know the Lisbon Council is very active.

For a long time, this issue was left to specialists. It was viewed solely as a legal matter.

It has now become political and highly sensitive.

What is missing, in my view, is objective, economic analysis.

We need a legal framework for intellectual property that addresses the growth agenda.

These are the questions that I will be raising with Commission colleagues in the coming months.

And I will be making use of economics research funded through the Framework Programme to formulate my position.

Ann,

Let me end by commending you and Ms. Castillo Sanz again for the StartUp Europe initiative.

Youth unemployment is at crisis levels in many Member States; so, it could not come at a better time.

You are right that, too often, we think of young people as lacking in skills and experience when, in fact, they can understand the new, transformative technologies in a way that we older people cannot.

You are trying to harness young people's talents to offer them and Europe a brighter future.

That is hugely to your credit.

I look forward to engaging with you on the policy issues around that.

Ladies and gentlemen,

It is something of a political commonplace to say that we live in unprecedented, challenging times.

But now I think that it is actually true.

I don't think we have ever faced such a large number of complex and inter-connected challenges.

At least not in my political lifetime.

I do believe that my work as Innovation Commissioner is a critical part of the bigger picture.

Half way through my mandate, I feel that a lot has been done, but there is a lot more to do, and there are some tough battles I have to win.

I hope I can count on your support.

Together we can build a resilient economy.

Together we can win the race!

Thank you.