Science, Research and Innovation Performance of the EU 2016

Presentation of the report 'Science, Research and Innovation Performance of the EU 2016'

10 March 2016, Lisbon Council

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Check Against Delivery

Ladies and gentlemen. I am here today to present our new report - 'Science, Research and Innovation Performance of the EU 2016'. The report offers an analysis of the EU's performance in this area, based on a comprehensive family of indicators. It assesses the underlying factors and looks at the evidence of the main challenges we face in Europe today. This report comes at a crucial time. The EU has emerged from the financial crisis, but growth is elusive.

The most important message from the report is that the EU has a fundamental problem with productivity. There is a 15% gap in U.S. and EU productivity, a gap that widened during the financial crisis. Productivity growth is incredibly important. Without it, Europe will not succeed in creating jobs and raising our living standards. The report also highlights the type of productivity that has caused the slowdown. It is not labour utilisation or capital investments. Rather, the main reason for poor productivity growth is what economists call "Multifactor Productivity". This is widely understood as measuring the impact of innovation. As you can see, the problem with this Multifactor Productivity is most acute in Europe.

There are several possible explanations for Europe's productivity problem. The internet and digital technologies are rapidly transforming the way our economies are organised. The sharing economy is a prime example of this. Companies like Uber and AirBnB. Yet, the impacts of digitisation do not seem to be improving productivity… At least not in Europe. The OECD report on "the Future of Productivity" suggests that this is a problem of diffusion. Digital technologies are not spreading from the leading companies to the rest of the economy. I think this is an important message for policymakers. Another explanation for Europe's poor productivity performance is low investment in R&D, education and ICT. The report we are launching today supports this. In fact, the EU invests less of its GDP in R&D, education and ICT than the U.S. Or Japan. Or South Korea.

There are also specific weaknesses in business investment. The size of the U.S. and EU economies are similar. Yet U.S. businesses invested over 130 billion euro more in R&D. In 2013, the level of Venture Capital investment in the U.S. was 26 billion euro compared to 5 billion euro in Europe. Another reason often given for poor productivity growth in the EU is a risk-averse culture that limits innovation. I consider that this is only partially true. A few weeks ago a report was published by the Information Technology and Innovation Foundation in the U.S., called The Demographics of Innovation in the U.S.

One of the findings of this report was that nearly half of the innovators in the United States are either immigrants or children of immigrants. But what is striking is that 35% of these immigrants are from Europe. So Europeans are great innovators. Ready to take risks. Just not always in Europe!

It will be clear to you by now that I think research and innovation are fundamental to solving the productivity problem in Europe. I do not mean research in a narrow sense, rather I am talking about the whole research and innovation ecosystem.

My policy 3 priorities are Open Innovation, Open Science and Open to the World. Open Innovation, because innovation is becoming more collaborative, diverse and global. New opportunities are coming from the intersections between business and science. Between the digital and physical. And between users themselves as innovators. Europe clearly needs to address the problems of underinvestment in innovation. We are doing this through the Investment Plan and through the Capital Markets Union, to develop a pan-European venture capital fund of funds.

We have also been assessing regulatory barriers to innovation. We will soon pilot a new approach called "Innovation Deals". We will invite innovators to come forward with specific regulatory hurdles they face, and sit down with them to find ways they can bring their innovations to market within the flexibility of existing regulations.

Open innovation also means getting more out of Horizon 2020, the largest collaborative research and innovation programme in the world. In particular, I would like the programme to provide a better experience for innovators and support more disruptive innovation. So, I have launched a call for ideas for a European Innovation Council.

My second priority is Open Science. Europe is a world leader in science. Today's report shows that we are at the forefront of most measures of scientific performance. But we need to do more to make scientific results and data easy to access and reuse. The Commission will be putting forward proposals for an open science

cloud. This cloud will enable researchers to store, access and re-use research data across scientific disciplines. I believe Europe is well placed to take the lead on open innovation and open science. This will boost both scientific and economic productivity.

But we must also be Open to the World, my third priority. In 2000, Europe accounted for a quarter of world R&D investment. Today this is only one fifth. International collaboration is becoming more and more important in the innovation strategies of companies. Markets for innovation are global. Data and technology do not stop at borders. So the policies to build the European Research Area, should now be applied to a Global Research Area.

This means bringing down the barriers to the mobility of researchers, research collaborations and Joint initiatives.

I hope today's report will give us all plenty to think about. Research and innovation used to be a specialist policy. It is now mainstream economic policy. And we have the data and evidence to support this.