UNICE
THE VOICE OF BUSINESS IN EUROPE

ERT

European Investment Bank

European Commission
Directorate-General Research

PRESS RELEASE

Brussels, 13 November 2002

UNICE, THE EUROPEAN ROUND TABLE OF INDUSTRIALISTS (ERT), AND THE EUROPEAN INVESTMENT BANK (EIB) CALL FOR URGENT AND DRAMATIC REFORM TO ACHIEVE THE 3% TARGET FOR R&D AND REALISE THE LISBON STRATEGIC GOAL

UNICE today organised at the Conference "Research 2002" a panel discussion on "Challenges for lifting European R&D expenditure from 1.9% to 3% of GDP" with Commissioner Philippe Busquin and UNICE President Georges Jacobs, Michel Deleau Director-General at the European Investment Bank, Daniel Janssen, Chairman of the ERT Competitiveness Working Group, Fred von Dewall Chief Economist of the ING Group, and Yannis Tzavaras, General Manager of new ventures at Intracom. They strongly supported the need to increase research efforts to strengthen EU competitiveness, economic growth and employment. However, *the "3% objective will only be achieved if Europe radically improves European centers of excellence, skills and education, builds a more supportive regulatory environment for R&D and innovation, a coherent approach across EU policies, and a strong and vibrant public research sector*" summarised UNICE President Georges Jacobs.

Following the Commission Communication "More Research for Europe – Towards 3% of GDP" of 11 September 2002**,** the proposal for increasing the ratio of R&D investment to GDP to 3% by 2010 has received strong support. Such increased investment, two-thirds of which should come from the business sector, will enhance European innovation as well as provide the research base and new specific knowledge necessary to respond to Europe's social, health and environmental needs, and ensure long-term prospects for growth and employment in the Union. The main challenge is to make Europe more attractive for business R&D investment and innovation.

The panel concluded that there is a need for a dramatic reconsideration to how to promote R&D and innovation: it stressed that current policies and practices in Europe make it unlikely that this target will be achieved without such a radical reconsideration.

Georges Jacobs explained that a coherent approach means, on the one hand, coordination of the R&D policies of the 15 Member States as well as the EU but also coherence between R&D policy and other policies such as competition, environment and education on the other. "*Horizontal policies such as education and regional policies have major implications for R&D investment, which have to be assessed* ", he concluded.

Commissioner Busquin stressed that *"Industrial research is increasingly taking on a European and even global dimension. Fragmentation of effort, isolated national research systems and disparities between legal and administrative regimes are taking their toll on R&D investment. To give a new impetus to research in Europe and achieve the critical mass needed in cutting-edge sectors, it is vital to open up, integrate and concentrate the research effort to form the European Research Area. The 3% objective and the European Research Area are both pivotal to restore confidence in the knowledge-based economy and to move out of the current crisis wit renewed growth based on more and better R&D efforts.*

EIB Director-General Michel Deleau said that '*The European Investment Bank has made R&D the centre-piece of its ongoing "Innovation Initiative", which is bound to remain a key objective for EIB lending in the years to come. A particular focus will be on supporting private R&D, by smaller as well as large companies, and on fine-tuning its financial instruments to the needs of the sector. The European Investment Fund, an EIB affiliate, will continue to support universities and research centres in the creation of investment funds and new vehicles and in the provision of consultancy. In doing so, they aim to bridge the gap between research and product development"*

Yannis Tzavaras, General Manager for new ventures at Intracom said that "as the lion's share of the 3% target is likely to be invested from the industrial sector, the financial environment for R&D investment in Europe and the incentives to venture capital companies must radically improve if industry is to increase its investment in innovative and R&D intensive start-ups and spin-offs"

Daniel Janssen, Chairman of the ERT Competitiveness Working Group concluded: "The R&D objective of 3% of GDP by 2010 is unrealistic if the dramatic reappraisal it implies cannot be achieved urgently all over Europe."

For further information, please contact:

Maria Fernanda Fau, UNICE	: +32 (0) 2 237 65 62	www.unice.org
Sigrid Bresoski, UNICE	: +32 (0) 2 237 65 45	www.unice.org
Stéphane Hogan, European Commission	: +32 (0) 2 296 29 65	www.europa.eu.int
Pé Verhoeven, EIB	: +352 4379 3118	www.eib.org