

Commissioner Hübner

"Co-ordinating Cohesion Policy and Framework Programme
Support for R&D"

German Presidency (CREST) Conference, 3 May 2007

Secretary of State Thielen, Dr Mönig, Ladies and Gentlemen,

The question of how best to foster research activities is a crucial one for the European Union. The issue features prominently in our work on the Lisbon strategy, and today's conference focuses on an essential aspect - how to ensure better co-ordination of the EU policies and mechanisms which support research. Janez Potocnik and I first discussed the issue together in the ITRE Committee in Parliament in November 2005. Since then we have put in place our strategies for the period 2007-2013, and today implementation of both FP7 and of the new generation of regional policy is well underway. Today's conference is therefore a good moment to address co-ordination in practice between the policies.

I want to address three issues from the perspective of EU cohesion policy; first, the regional context of research and innovation; second, the contribution of cohesion policy to research and innovation; and third, synergies between instruments and between levels of governance. Addressing these questions will show us where more needs to be done and by whom.

On the general context, my first point is an obvious but important one. Regional policy is broader in scope than the research agenda. It is an integrated approach to economic development which tackles complex problems related to growth, competitiveness and job creation in an

integrated manner. The aim of this integrated approach is to improve the impact of sectoral interventions, by exploiting synergies between policy domains. Promoting competitiveness is key and, in a globalising world, competitiveness lies more than ever in the capacity of businesses to create new value-added goods and services. Research is essential for this. But so too is innovation – the ability to turn new knowledge and ideas into concrete reality. Together, research and innovation help to drive productivity, growth, and economic development, and for that reason cohesion policy considers them together.

My second point is that research and innovation within the EU is unevenly distributed. It is highly concentrated in only a few regions, and the disparities have increased greatly following enlargement. There are many regions where investment in research is practically zero, for example in Severozapaden in Bulgaria, and some such as Braunschweig in Germany where, at 7.11% of regional gross value added, it is much higher than the Community average. For innovation we see a similar picture of regional disparities. To illustrate the point, if we take as a simple indicator of innovation the number of ICT patent applications per million of the labour force, we see that 41 of Europe's regions have more than 100 applications – most of them situated in the UK, France and Germany. 85 regions have fewer than 10 such applications and they are located mainly in Southern Europe and the new Member States.

I am convinced that research and innovation are central to growth, and that therefore we cannot afford to limit investment in these areas to only a few leading regions. In our EU policies we need to achieve a good balance between fostering existing centres of excellence and enabling new ones to emerge. If we do not do this, we will reinforce disparities and neglect the capacity building that the EU – the whole EU - needs to achieve a sustainable future as a knowledge economy. We need poles of

excellence, but we also need networks of regions working together. We need to ensure that the whole of the Union can participate in and benefit from the European Research Area. Regional intervention is an essential part of our strategy for achieving this balance. While knowledge is undeniably a global commodity, many of the key drivers of research and innovation are most efficiently addressed at the regional level. This level provides the proximity that is essential for stimulating interaction between producers, users and mediators of knowledge and thus for bringing about innovation.

The importance of the regional level for research and innovation is a point which I have frequently stressed as Commissioner for Regional Policy, and these areas are now strongly present in the Regulations and Guidelines for Cohesion Policy. We are currently analysing how Member States are reflecting these provisions in their strategies and programmes for 2007-2013. I am greatly encouraged by the picture which is emerging from this analysis, and want to emphasise four aspects of the contribution that the strategies and programmes make to research and innovation.

The first is that they are about much more than money. Outside regional policy circles, there is sometimes a tendency to focus solely on the financial instruments of the policy. But as I said earlier, cohesion policy is about enabling public authorities to implement medium and long-term programmes of integrated support for different aspects of economic and social modernisation. Research and innovation are central, but efforts must also be invested in promoting entrepreneurship, infrastructure, and skills development throughout the workforce.

The second aspect is that regional policy is based on partnership: partnership between different levels of government, between public and private actors and between governmental and non-governmental bodies. This partnership is essential for identifying those areas where there is real

regional value added in pursuing research and innovation activities. The wide variety in the capacity of our regions for research and innovation means that a centrally-imposed investment target - of the kind sometimes advocated –would make little sense. A tailored approach to research and innovation at regional level is necessary. Our approach is therefore bottom-up. It involves all relevant expertise in the design and implementation of programmes. It helps universities, research institutes, businesses and local authorities to identify where to focus and to cluster their efforts.

My third point is that regional policy also seeks to ensure maximum coherence in the activities it promotes. It would be an illusion to think that all regions – or indeed all Member States – should have the same research capacity and invest in the same research activities. This will not be the case. The Green Paper on the European Research Area which Janez tabled in April makes clear that we need coherent strategies – at regional, national and European level. Within regional policy we aim to provide this coherence by insisting that the priorities laid out in regional programmes are firmly anchored in, and justified by, the national strategies.

Finally, I come to financial support. While I have stressed that cohesion policy is about much more than money, an adequate budget is essential for addressing the challenges of economic modernisation. Our analysis of Member States' strategies suggests that cohesion policy will support investments in research and innovation of about €50 billion from 2007 to 2013. This is a step change compared to the previous period when the figure was €15 billion. Almost two-thirds of this €50 billion will be allocated to improving the capacity of SMEs to innovate by promoting technology transfers and co-operation networks; to supporting R&D within SMEs; and to supporting the diffusion of ICTs in businesses. One third will be

dedicated to improving R&D infrastructures, and the human aspect of research, particularly through post-graduate studies. And the bulk of the investments will be in convergence regions, thereby ensuring that research and innovation are fostered throughout the Union. We have put in place a detailed system for the categorisation of expenditure which will allow us to monitor closely these investment activities.

Let me turn now to the issue of synergy. Synergy is often reduced to the issue of combining financing from different Community instruments. It is far more than that. Synergy lies in having complementary policy objectives. The EU has a research policy focused on promoting excellence at international level. It has a cohesion policy focused on enabling less developed regions to catch up in terms of their research and innovation capacity. The policies intervene at different levels and have different beneficiaries. What we need, and what we have tried to do, is to build bridges between these distinct policies, while respecting the fundamental rationale of each. FP7 contains elements to support research activity in less developed regions. The Community Strategic Guidelines on cohesion policy stress that regional research priorities should complement the European priorities set out in FP7, and Member States must show clearly in their national and regional development strategies how this will be achieved. I see several forms of synergy between cohesion policy and FP7.

First, there is general complementarity whereby cohesion policy helps to build research and innovation capacity in all regions, but especially in the convergence regions. This will increase the chances for actors in these regions to participate in the current and future Framework Programmes and to achieve excellence in their research activities. This is essential for the long term, cohesive development of the Union. Without this, we are backing only our current leaders.

Second, I see specific complementarities in terms of the two Framework Programme actions 'Regions of Knowledge' and 'Research Potential'. The aim of 'regions of knowledge' is to provide strategies for research-driven clusters at local and regional level, involving universities, research centres, enterprises and regional authorities. These strategies could then be taken up in regional policy programmes. The second action will help to unlock the 'research potential' in convergence and outermost regions where much of the effort of cohesion policy will also focus.

Furthermore, both of these FP7 actions emphasise exchange of knowledge and best practice – for example through highly developed regions mentoring those with a less-developed profile, or two-way secondments of research staff in convergence regions. On the basis of my own regional visits – and I have made over 130 so far – I know that such exchanges are essential. Regions have a wealth of experience and we must ensure that it is widely shared. Within cohesion policy we have strengthened our own efforts to do this with the initiative Regions for Economic Change which will create networks of regions to facilitate co-operation among regions and to promote exchange of good practice. Improving research and innovation capacity is one of the areas we will focus on. We will need to ensure full synergy of these three initiatives.

Thirdly, the Framework Programme and Cohesion Policy can provide complementary funding for certain items. The Framework Programme might carry out feasibility studies of major new research infrastructures, both physical and virtual. And where these are linked to regional economic development, particularly in the convergence regions, they could then receive Cohesion Policy support.

Janez has already mentioned the Communication on synergy which we will present with Günther Verheugen in July. Work is underway in our services, exploring the ideas I have just mentioned. But I want to

emphasise one important issue that has emerged in our work. Even in cases where the same Ministry is responsible for the Framework Programme and for the research activities of cohesion policy, coordination and communication are a challenge. This makes clear that we need to break down traditional departmental barriers. The Commission has worked to develop synergies in terms of policy, and we are exploring how to take this further. But much of the practical work in promoting synergies will have to come from national and regional authorities, and as a result much depends on you who are attending this conference today.

Ladies and Gentlemen,

Cohesion policy plays a unique role in strengthening the research and innovation capacity of less developed regions and in addressing the EU's drive to improve its performance in this area. It complements the focus of EU research policy on international partnerships of excellence and plays a central role in the creation of a European Research Area. I encourage national and regional authorities to take full advantage of the opportunities which both instruments offer for creating a knowledge-based economy, and I hope that this conference will contribute to that process.