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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Draft Council conclusions on strengthening the competitiveness of the EU and overcoming the fragmentation of the European Research Area based on the experiences of the implementation of the ERA Policy Agenda (2022-2024) - Presidency text

Delegations will find attached a Presidency text on the *draft Council conclusions on strengthening the competitiveness of the EU and overcoming the fragmentation of the European Research Area based on the experiences of the implementation of the ERA Policy Agenda (2022-2024)* with a view to the Research Working Party meeting on 30 September 2024.

ANNEX

DRAFT COUNCIL CONCLUSIONS ON STRENGTHENING THE COMPETITIVENESS OF THE EU AND OVERCOMING THE FRAGMENTATION OF THE EUROPEAN RESEARCH AREA BASED ON THE EXPERIENCES OF THE IMPLEMENTATION OF THE ERA POLICY AGENDA (2022-2024)

The COUNCIL of the EUROPEAN UNION,

RECALLING

– its conclusions of 1 December 2020 on the New European Research Area, which call on the Member States and the Commission to develop in 2021 an ERA Policy Agenda and a multi-level governance model to deliver on the new ambition for the ERA;

– its conclusions of 28 May 2021 on Deepening the European Research Area: Providing researchers with attractive and sustainable careers and working conditions and making brain circulation a reality, which stress that uneven flows of researchers and brain circulation need to be addressed at national and at European levels and highlight the need to support lower performing research systems to increase their attractiveness to avoid brain drain, loss of competitiveness due to persistent inequalities and promote retaining talent in all its diversity;

– its conclusions on the New European Innovation Agenda (NEIA) of 2 December 2022, which stress the importance of more balanced brain circulation, acknowledge the persistent innovation divide and recognise the need for a broader approach in the European innovation ecosystem;

– its conclusions of 2 December 2022 on Research Infrastructures, calling notably for the long-term sustainability of European research infrastructures to be ensured, and for the research infrastructures ecosystem in Europe to be advanced;

– the European Council conclusions of March 2023 and April 2024, underlining the importance of future investments in R&D in Europe and the 3% of GDP target at EU level;

– its conclusions of 8 December 2023 on strengthening the role and impact of research and innovation in the policymaking process in the Union, which point out that science-informed policymaking processes can enhance the quality and reinforce the coherence of policy initiatives in different sectors and administrations and strengthen the Union's competitiveness;

– its Recommendation of 18 December 2023 on a European framework to attract and retain research, innovation and entrepreneurial talents in Europe, which calls for framework conditions to retain talented researchers in the Union, stresses the importance of supporting attractive research careers and recognises the importance of strengthening the research management capacity;

– its conclusions of 23 May 2024 on strengthening knowledge valorisation as a tool for resilient and competitive industry and for strategic autonomy in an open economy in Europe, calling for access to risk funding and the rise of private and public seed and growth capital as well as the interconnection of innovation ecosystems, research and technology infrastructures and other actors of the ecosystems to be facilitated;

– the Commission Communication of 30 September 2020 on 'A New European Research Area (ERA) for Research and Innovation', which set out a new vision for the ERA and announced the intention to propose a Pact for Research and Innovation (R&I) in Europe;

– the Commission Communication of 5 July 2022 on a New European Innovation Agenda (NEIA) , with particular emphasis on flagship area 3 on accelerating and strengthening innovation in European innovation ecosystems across the EU and addressing the innovation divide as well as flagship area 4 on fostering, attracting and retaining talent, aiming to provide a coordinated and comprehensive framework that drives innovation, boosts economic growth, and ensures inclusive development across all EU regions;

– the Commission Communication of 16 March 2023 on the long-term competitiveness of the EU: Looking beyond 2030, which explains the consensus on the European model for inclusive economic growth based on sustainable competitiveness, economic security, trade and open strategic autonomy and fair competition, as a source of prosperity,

– the Letta report published on 10 April 2024, calling for the fifth freedom of the Single Market to be realised by enabling the free movement of research, innovation and education;

– the Draghi report published on 9 September 2024 urging for the fragmentation of the EU innovation ecosystem to be overcome by exploiting the full potential of researchers and innovators, providing availability to word-leading research and technology infrastructure, supporting the diffusion of innovation and also reducing barriers to start-ups and innovative companies.

Enhanced role of R&I in boosting the EU's competitiveness

1. EMPHASISES that the enhancement of the economic and social competitiveness of the EU is a paramount strategic objective and RECOGNISES the pivotal role played by European R&I policies in attaining this objective. ADVOCATES for embedding these R&I policies at the heart of the Union's and Member States' strategies. REAFFIRMS that to strengthen the EU's competitiveness, it is extremely important to improve the international position and leadership of the Union's science, research, and innovation.

2. STRESSES that the growing and interconnected challenges faced by the Union, linked to boosting competitiveness, accelerating the twin green and digital transitions, securing cohesion and inclusiveness, and ensuring both an open strategic autonomy and economic security, mean embracing the concept of 'sustainable competitiveness'. CONSIDERS that this is a new approach, where competitiveness and growth are in line with the core values and societal priorities of the EU, such as the prioritisation of green technologies, shared prosperity and compliance with ethical guidelines while expanding the use of digital technologies and AI. HIGHLIGHTS the importance of evidence-based policy-making at EU and national level which is based on a co-creation process that enables all actors in the quadruple helix (science, policy, industry, and society), with particular emphasis on industry and society, to channel in their knowledge and experience.

3. NOTES that the competitiveness of the EU can only be improved if the EU builds effectively on the talent and the creativity of its entire R&I community and provides equal and unbiased access to R&I funding and collaborations for all actors based on scientific excellence. Furthermore, STRESSES the importance of addressing European and global socio-economic challenges through broad, inclusive and strategic pan-European collaborations with the engagement of both private and public entities. RECOGNISES that combatting fragmentation in the R&I ecosystem is vital for creating an environment where innovation can thrive and where research activities can be translated into innovative solutions throughout the entire value chain.

Building up and Reinforcing R&I Ecosystems

4. STRESSES that it is essential to build up and reinforce R&I ecosystems by interlinking the actors of the quadruple helix and capitalising on excellent research results and innovative solutions to address socio-economic challenges and combat fragmentation. POINTS OUT that these R&I ecosystems should follow a needs-based approach reflecting on the real challenges, needs and opportunities at local and regional level, by building on strategic areas of regional strength and specialisation in line with the smart specialisation strategies (S3).

5. CONFIRMS that urgent societal challenges can be tackled only by relying on functional R&I ecosystems where businesses, higher education institutions and research organisations, as well as entrepreneurs and innovators are linked to civil society and governmental actors to generate forward looking and sustainable solutions. RECOMMENDS to combat fragmentation by fostering greater collaboration and coordination among these ecosystems to make the European R&I ecosystem more integrated, cohesive, to share the benefits and to improve access to excellence.

6. ACKNOWLEDGES that significant efforts have been made to provide equal opportunities within the EU framework programmes; nevertheless, EMPHASISES that reducing the fragmentation of the European R&I ecosystem should not be addressed exclusively with dedicated programmes, but through the entire EU Framework Programme, which should ensure the involvement of all Member States under equal conditions.

Unlocking and Empowering Europe's Talent Potential

7. ACKNOWLEDGES that talent is a key asset for driving economic growth, innovation and technological development, as well as societal progress. ADVOCATES for policies, initiatives and programmes that encourage brain circulation to combat brain drain within the European Union. HIGHLIGHTS how important it is for the EU Framework Programme to be capable of identifying talents regardless of geographical and sectoral base and integrating them into collaborative projects.

8. STRESSES the importance of opening up and reinforcing Europe-wide networks of researchers, entrepreneurs, innovators, and professionals in research management and support, to enable better circulation of knowledge, ideas and people. HIGHLIGHTS the added value of COST (European Cooperation in Science and Technology) actions in creating inclusive R&I European networks spilling over to generate excellent know-how and R&I collaborations. Thus, CALLS on the Commission to continue to broaden the scope of COST and the Member States to launch complementary initiatives at national level.

9. URGES the Commission and the Member States to empower researchers, entrepreneurs, innovators and all professionals in research management and support to improve their skills, competences and attitudes towards excellence and impact. Therefore, CALLS for the impact assessment of current initiatives that provide essential up- and re-skilling opportunities, as well as flexible and tailor-made capacity-building addressing the market and sector needs and enabling the uptake of digital technologies, to support the design of future policies and programmes.

10. STRESSES that increasing competitiveness requires a change in the attitude of the actors in the R&I ecosystem towards innovation, entrepreneurship, marketisation and risk-taking. CALLS therefore for increased visibility of European success stories and the promotion of role models who can nurture talent. Strongly ADVOCATES for the future development of European and national programmes and awards providing more visibility to role models and success stories such as the EIT and the EIC awards recognising the outstanding achievements of researchers, entrepreneurs, innovators, and other talents ENCOURAGES intersectoral mobility along the different axes of the quadruple helix, with particular emphasis on government – industry, academia – industry, and academia – government to enable a better understanding of the needs and gaps of the different sectors and improve intersectoral dialogue and the co-creation of competitive ecosystems.

Building bridges: Strengthening Europe's Research and Technology Infrastructures

11. ACKNOWLEDGES the significance of European Research and Technology Infrastructures as strategic assets to boost R&I, scientific discoveries and deep-tech developments at regional, national and European levels, of securing access to Europe-wide ecosystem of research and technology facilities and services, and of training and employing highly skilled researchers and professionals. TAKES NOTE of the capacity of Research and Technology Infrastructures to have a strong role in increasing the R&I potential of academia and industry in local and regional ecosystems, thus enhancing competitiveness, innovation in strategic areas and overcoming fragmentation. ENCOURAGES better use and deployment of Research and Technology Infrastructure facilities and services by academia and industry, including SMEs and start-ups across the entire EU.

12. ENCOURAGES the adaptation of the operational models of research infrastructures to diverse user needs, and the exploration of optimal operational and funding strategies for their long-term sustainability. Furthermore, CALLS on the Commission and the Member States to secure the necessary funding for Research Infrastructures with European relevance (especially ESFRI landmarks) to enable increased and more inclusive access to these Research Infrastructures by Research Performing Organisations, including SMEs and companies to better serve their needs. BELIEVES that increased and more inclusive access will contribute to combatting fragmentation across the ERA and across the value chains, attracting and retaining top talent, supporting the development of new communities of users, facilitating the digitalisation of equipment, experiments and data handling, and streamlining a pan-European ecosystem of Research Infrastructures and services.

13. TAKES NOTE of the capacity of Technology Infrastructures to rely on regional specificities and to play a strong role in increasing the innovation potential of local and regional ecosystems, thus overcoming fragmentation. INVITES the Commission and the Member States to analyse the diverse European landscape of Technology Infrastructures and elaborate recommendations on the possible connection, combination and funding of existing and potential Technology Infrastructures with European relevance. ENCOURAGES the digitisation of their services, strengthening their accessibility and the orchestration of networking activities. CALLS for the extension of the Testing and Experimentation Facilities (TEFs) under the Digital Europe Programme to enable Europe-wide access and create a dense network of users.

14. CALLS on the Commission and Member States to promote open science and open innovation practices and infrastructures that facilitate the sharing of knowledge, data, and resources across borders to the extent that it does not hamper innovation and the marketisation of research results and is in line with the principles of economic and research security. BELIEVES that this can help to overcome fragmentation, break down barriers to collaboration and enable more efficient use of talent and resources, and improve research quality and impact.

Driving Innovation: Unleashing Growth and Investment in Europe

15. CALLS on the Commission and Member States to consider it a priority to develop business framework conditions and legislation in line with the global trends that facilitate the operation and growth of start-ups and scaleups within the Single Market in order to position the EU regulatory environment as the world's most attractive framework, thereby boosting innovation and safeguarding the Union's technological leadership and competitiveness.

16. STRESSES the importance of engaging private venture capital investments in innovation funding and REITERATES the significance of amplifying cross-border investments to address crucial market gaps in EU business finances. ENCOURAGES the Commission and the Member States to provide incentives for private investors, business angels, and crowdfunding platforms to increase private investment in innovation funding and mainstream investment culture. WELCOMES Commission's efforts to mobilise large institutional investors (pension, insurance and sovereign wealth funds) to explore opportunities and requirements for increasing investments into Venture Capital funds investing in innovative companies.

17. In parallel, CALLS on the Commission and the Member States to make the funding instruments more attractive, efficient, and less complicated for beneficiaries by significantly reducing their administrative burden (especially in the case of venture capital investments), spreading the use of rolling deadlines and regulatory sandboxes.

18. ACKNOWLEDGES the importance of fortifying the strategic use of innovation procurement, to accelerate the development and deployment of innovative solutions in Europe, and to dismantle barriers caused by the fragmented public procurement market that currently restrict innovative companies' ability to operate across Europe.

19. REITERATES the key importance of increased investments in R&D and the goal of reaching the 3% GDP target for private and public expenditure at EU level by 2030, agreed by the European Council in March 2002 and, most recently, reiterated by the European Council in its conclusions of 18 April 2024. HIGHLIGHTS, therefore, the importance of dedicating adequate budget and stability during the implementation phase for the future EU Framework Programmes for R&I, without prejudice to the future MFF of the Union. RECALLS the need to mobilise public R&D related investments, and to design and implement R&I policies and reforms that will create the right conditions to incentivise stronger private R&D investments. Moreover, ENCOURAGES Member States to analyse international good practices and exchange knowledge to identify the optimal policy mix that will increase private expenditure to two-thirds of R&D investments.

Role of the ERA in increasing competitiveness and decreasing fragmentation

20. NOTES that the Letta report calling for the realisation of the fifth freedom aligns with the objectives of the ERA, which seek to foster an integrated R&I environment where researchers, scientific knowledge, and technology circulate freely; further NOTES the significant progress made in recent years with the implementation of the ERA, underscored by the strategic rollout of the ERA Policy Agenda.

21. SUPPORTS the ambition of the new phase of the ERA Policy Agenda (2025-2027) to accelerate joint initiatives to strengthen core R&I values and capacities in Europe, and to create operational bridges between R&I and education, industrial and sectoral policies, as requested by the Pact for R&I. STRESSES the need to stay focused on original goals and to reach tangible outcomes with less actions in a transparent manner. ENCOURAGES the enhanced commitment of MSs in line with their capacities.

22. ENDORSES the importance of strengthening synergies between the ERA and other relevant programmes such as the Cohesions Funds and initiatives by, for example, connecting actions of the New European Innovation Agenda with ERA actions.

23. ACKNOWLEDGES that the new ERA governance structure has huge potential to provide outstanding opportunities for co-creation among Member States, , stakeholder organisations, the European Commission and where relevant Associated Countries. POINTS OUT that the strengthened role of the European Research Area and Innovation Committee (ERAC) in joint priority setting, strategic planning, and discussing R&I policy issues, together with the implementation of the ERA Policy Agenda, leads to better coordination and alignment between EU and national policy planning and implementation.

24. WELCOMES the fact that the renewed ERA has resulted in increased engagement of stakeholder organisations representing mainly public research organisations. CALLS for the enhanced mobilisation and inclusion of representatives from different non-academic sectors by reflecting on their needs when designing the priorities and the actions.

25. POINTS OUT that the Policy Agenda of the renewed ERA is ambitious and actionable with concrete topics, milestones and deliverables, so it is easier to measure the impact and progress. STRESSES that ERA actions should be self-standing, with impact beyond existing programmes and activities, and address the Pact priorities, using three-year work plans, where possible, and respond to a need for joint actions at European level rather than being addressed at national level only. CONSIDERS the ongoing and planned actions need to be refocused in such a way that they have a stronger innovation or competitiveness perspective. SUPPORTS a policy change for this purpose, so that the ERA is not only considered as a forum for horizontal, value-based topics but also as a political framework for boosting the Union's competitiveness.

26. HIGHLIGHTS the importance of monitoring the progress of developments in realising the ERA and ACKNOWLEDGES that the recently established ERA Monitoring Mechanism provides facts and certain insights on the progress. INVITES the Commission and Member States to fine tune this mechanism by developing country-specific recommendations, collaboratively formulated by experts and Member States, and providing a supportive framework that fosters stronger commitment to national reforms and evidence-informed policy-making. POINTS OUT that increased commitment should also lead to a better uptake of ERA policy recommendations, hence, better coordination.