

Mr. Philippe Busquin
Member of the European Commission
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Brussels, xxxxxx 2003

Ref. Number: 2003 COR 2

Subject: More Research for Europe – Towards 3% of GDP

Dear Commissioner,

In September of last year the Commission published a discussion document with proposals for helping to achieve the Barcelona objective of 3% of GDP for R&D, and invited comments and suggestions from interested parties.

EARTO is following the Lisbon and Barcelona process with considerable interest. The Member-States have thereby committed themselves to important and ambitious objectives, which we fully support. We welcome, too, the Commission's careful monitoring of progress in achieving them and its willingness to raise the alarm when progress is poor.

Present economic circumstances are, of course, hardly the most favourable for promoting an additional investment effort in R&D. But there are encouraging signs nevertheless. The recent R&D scoreboard published by the UK government, for example, seems to indicate that R&D investment is holding up rather well despite a general climate of diminishing growth. In any event, it is essential to press home the messages of Lisbon and Barcelona and to seek to effect a structural change in attitudes to R&D and innovation.

The Commission's September paper identifies a broad range of areas in which change and improvement are required. EARTO broadly shares the analysis but I do not wish to dwell here on specific measures. Rather, I would like to emphasise a simple yet crucial strategic aspect, where perhaps EARTO can also play a role.

While it is true that there are many specific aspects of our European regional innovation systems that require improvement, the success of the Barcelona initiative could ultimately depend not just on particular structural reforms as on a sustained high-profile message, continuously repeated, which generates peer-group pressure and so achieves a change in behaviour. The key message, to formulate it in simple terms, is "R&D is good for you!".

The key target is the business community, and within it there are perhaps three segments to consider. There are, first, those several hundred major companies which account for the lion's share of business R&D investment. As our sister association EIRMA has pointed out in its own submission to the Commission in response to the September paper, European firms are already broadly investing similarly to US ones. The key question here, from a European point of view, is where the investments are made, for there is evidence, which EIRMA notes (and also the ERT) that the US is proving successful in attracting a growing share of this "foot-loose" investment. To counter that trend will, no doubt, above all require attention to structural deficits (quality of research infrastructure and its critical mass, public funding for BERD, adequate supply of high-quality research staff).

The two other business segments, which overlap to some degree, are SMEs and low- and medium-technology sectors. Both are known for generally low R&D investment and comparisons with the US have underlined their relatively poor performance in Europe. We would suggest that they should be a prime target for an intensive campaign to raise R&D investment. The approach could be a series of nationally focused, sustained promotion campaigns, organised jointly with national governments, and using peer-group role models to spread and reinforce the word that R&D investment brings sustained competitive advantage and market success. A successful campaign should also have the desirable spill-over effect of emphasising for the population at large that R&D is a source of social improvement, so helping to reduce "techno-scepticism" and to promote science and R&D as a desirable career path for younger generations.

SMEs and the medium- and low-technology sectors are important client groups of most EARTO members. Indeed, many of the larger EARTO members with a public mission - like TNO, Fraunhofer, INETI, VTT and so on - have a special responsibility to assist them. I feel sure that my colleagues in these RTOs would give full practical support to a promotional campaign launched by the Commission with national governments. If you were to see merit in the idea, I would be pleased to raise it at the forthcoming meeting of the EARTO Executive Board, and also to suggest to the Board that the "3% for R&D" objective could be the theme of EARTO's annual conference in early 2004.

Please do not hesitate to contact me if you would like to discuss this matter further.

Yours sincerely,

Jan A. Dekker
President