R&D INTENSITY CASE STUDY: EUROPEAN UNION

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The EU’s target of investing 3% of GDP in R&D was set at the 2002 Barcelona European Council and then subsequently confirmed in the Europe 2020 strategy (2010).

At the EU level, R&D intensity increased from 1.81% in 2000 to 2.19% in 2018 (annual increase of 1%).

With only 6% of the world population, the EU accounts for almost 20% of global R&D expenditure.
Based on the EU target, the Member States set out their national targets.

R&D intensity increased over the 2000-2018 period in 24 Member States.
• 3% target is widely known, enhancing the visibility and recognition of R&I policy.

• R&D intensity is a simple indicator that can, to a certain extent, be easily measured, analysed and communicated.

• It is a robust indicator of R&D and innovation performance.
R&D intensity indicator challenges

• R&D is concentrated in a small number of firms, sectors and regions but the aggregate R&D measure does not capture this trend:
  o 61% of the EU’s R&D expenditure in 2018 was performed in Germany, France and Italy.
  o The average intensity of the top 30 EU regions is more than twice the average intensity of the EU as a whole.
  o The first 25 out of top 1000 R&D investors in the EU account for half of the group’s R&D expenditure.
• The role of innovative start-up companies is not captured in R&D statistics.

• R&D intensity does not capture the growing importance of R&D tax incentives which are not counted as foregone.

• The role of R&D in low and medium technology sectors tends to be underestimated.
Main non-funding instruments:

• The **European Semester** is a key policy initiative supporting the achievement of Europe 2020 Strategy, including of the 3% target in R&D.

• The **Policy Support Facility** provides policy advice to Member States and Associated Countries in the design, implementation and evaluation of R&I reforms

• The **European Research Area (ERA)**
Main funding instruments:

- **EU Structural and Investment Funds** were crucial for the new MS for R&I capacity building.
- InvestEU Fund, the Innovation Fund, Digital Europe Programme, Programme for Environment and Climate Action, etc.