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**Innovation in the Transatlantic
Relationship: Unlocking the Potential
of a 21st Century Economy**

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Transatlantic Conference, the American Chamber of Commerce

**Crowne Plaza Hotel, Rue de la Loi 107, 1040 Brussels
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Mr Vasallo, Ladies and Gentlemen,

Thank you for inviting me to address this year's Transatlantic Conference. As many of you know, I gave my first major speech as the European Commissioner with responsibility for Research, Innovation and Science to a meeting of the American Chamber of Commerce to the EU here in Brussels, just over one year ago. So it is a pleasure to be with you again, after a very full year of working hard to build Europe's innovation policy.

I want to share with you what we have achieved so far and what difference I think it will make to the transatlantic business community. I also want to talk about our future work and what I think that means for our transatlantic economic partnership.

The last 12 months has been a daunting period for our citizens, our businesses and our governments:

- It has been a year of major economic challenges, on both sides of the Atlantic;
- It has been a year in which we have seen the continuing march of emerging nations, as they take their place among the world's leading economies;
- And it has been a year in which both the EU and the US have had to sharpen our efforts – both separately and in cooperation – to respond to these challenges.

What efforts am I referring to?

I am talking about the moves we are making to increase our competitiveness, and the actions we are taking to place innovation at the centre of our policies, most importantly at the heart of our economic agenda. We are creating the conditions that you need to help your businesses to grow, while seeking to break the link between wealth creation and the depletion of resources and environmental degradation.

That is why – when I read the reports of President Obama's State of the Union address – I noted with great interest the striking parallels with the "State of the Union" speech President Barroso gave back in September of last year and the provisions of the European Union Innovation Flagship Initiative.

A clear case of "mutual learning" it would seem! They certainly see eye to eye when it comes to what it will take to produce new, high quality jobs and sustainable growth.

Europe and the Innovation Union

My fellow European Commissioners and I have been putting in place the elements of an innovation agenda as the basis for our economic policy over the next ten years.

In June of last year the EU adopted the Europe 2020 strategy. It spells out how we intend to achieve smart, sustainable and inclusive growth for our citizens. It sets out ambitious objectives in innovation, education, employment, social inclusion, energy and climate change to be reached by 2020. And it proposes targets and concrete actions at EU and national levels to achieve these goals.

In October I launched – together with Commissioner Tajani – a Flagship proposal to put research and innovation at the heart of Europe's growth and jobs strategy. This proposal to create an Innovation Union was fully endorsed at last month's meeting of European heads of state and government.

The shared ambition of the EU and its Member States is to put in place a new environment for innovation – based on a framework for business that promotes and rewards innovation, leverages more private investment and attracts top talents worldwide.

So what does this mean in practice? And how will this help you to achieve your goals?

Well, one of the most important things we are doing is working to drastically improve the framework conditions for business – creating a Single Market for Innovation:

- By moving to adopt the European patent, we will make it easier, quicker and cheaper for you to protect your intellectual property;
- By reforming the European standardisation system, we will make it faster and more efficient to create standards, especially in the ICT sector;
- By lifting legal and administrative hurdles, we will ease access to venture capital funds, including across borders within the EU;
- By improving the use of budgets for public procurement, we will promote the take up and use of innovative products; and
- By promoting the rapid roll-out of high-speed internet and ensuring the creation of the Digital Single Market, we will help to provide the infrastructure for a 21st century economy.

But this is just the start, and we are not resting on any laurels. A month ago, I launched the Innovation Union Scoreboard that benchmarks the performance of Member States and the EU on an international basis. I also launched in February a major public consultation on our funding programmes for research and innovation. I note that the US Department of Commerce has also launched a request for information on the American Strategy for Innovation at the same time.

The Green Paper associated to my consultation is aimed at creating a Common Strategic Framework for research and innovation. It concerns the future of the types of activities supported now by the 7th Research and Technological Framework Programme, in which US participants can of course participate, the Competitiveness and Innovation Framework Programme, and the European Institute for Innovation and Technology. These programmes have combined EU funding over the current financial period 2007 - 2013 of 58 billion Euros.

I want to combine your ideas with those of the European Commission to define strategies that go from research to market uptake, and to take account of non-technological innovation – including innovation in design, marketing, public sector innovation and social innovation. I want to reduce the complexity of the current programme landscape and focus EU and national-level resources where they will have the most impact – in particular on the major societal challenges. I also want to broaden participation and deepen cooperation between scientists, industry and the public sector.

We will present the results of the public consultation that we commenced last month at a major conference in Brussels on 10 June.

The Importance of Transatlantic Cooperation

Ladies and gentlemen,

I am convinced that we need to improve the conditions for innovation within Europe. But I am just as certain that we must cooperate internationally to maximise our gains; it is the only way to achieve an advantageous business environment and a level playing field on a global basis. During the last year, this is one of the clearest messages I have received from the business community.

There are no two regions of the world for which this is more important than the EU and the US. Our economic integration is the deepest that exists, whether we are talking about trade in goods and services, foreign direct investment issues, the flow of talent and technology or the exchange of knowledge.

I am not saying this because I think you are unaware of this situation. And I am not trying to steal Mr Quinlan's thunder. His report on the Transatlantic Economy in 2011 is about to impress on us the breadth and depth of these links.

But it is easy to become complacent about our relationship. I have heard it likened to one between an old married couple, who have been together for so long that they neglect their bond, forgetting their importance to each other and taking each other for granted.

I prefer another metaphor: I think of the EU and the US as a pair of climbers. We are scaling the steep cliff of growth towards greater prosperity, while battling against harsh economic cross-winds.

We are competitors, because we are trying to outdo each other as we climb. But we are harnessed to each other, through strong economic links. We are tied to one another like real climbers often are.

If one lags too far behind, this impedes the other's progress. If one should fall off the cliff face, we will most likely tumble together. So, it makes sense to collaborate, even as we compete. We can do better together than we can do apart.

We can find good examples of where we need to work together in the areas up for discussion later today: nanotechnologies and data governance in the ICT sector.

In both cases, we are addressing key enabling technologies with the potential to generate new markets and hundreds of thousands of new jobs. In the case of the burgeoning area of nanotechnologies, market predictions imply a global value of up to 1.8 trillion Euros by 2015.

In both cases, global competition is intensifying, so it is becoming vital to create a stable and predictable environment for enterprises to invest and innovate. The challenge is to get the balance right between unleashing the potential of these sectors as engines of economic growth and protecting the public interest.

By working together we will develop a larger transatlantic marketplace. We will not only reap benefits within it. We will also be able to face jointly the global competitive environment. Based on sound science and with sufficient transparency, we will also gain and maintain the all-important trust of the consumer.

Transatlantic Economic Council

However, the devil is often in the detail – that is probably one of the reasons you are here today. And that is why I am a firm believer in developing effective mechanisms for the EU-US economic partnership.

This was certainly the position that was taken by both sides at the meeting of the Transatlantic Economic Council that took place in Washington last December. The Transatlantic Economic Council is the nearest political structure that we have to a transatlantic economic cabinet. We are using this forum to develop new regulations and standards in innovative policy areas such as electric vehicles, smart electricity grids and health records, where data governance is a vital consideration for this last topic.

Under the TEC, the Innovation Action Partnership is looking at ways to collaborate on critical raw materials, bio-economy and innovation policy practices. I hope that over time we can agree on additional areas to take on under this initiative – with nanotechnology as a promising candidate.

The EU-US Energy Council is another excellent example of joint action to tackle a major challenge – this time in energy security. This includes diversity of supplies, efficient energy use and the development and deployment of clean energy technologies.

Ladies and gentlemen,

To conclude, the EU is determined to come out stronger from the current economic and financial crisis. We want to secure our competitiveness and tackle pressing societal challenges at the same time.

To achieve this goal, we are setting out a strategic approach that uses “smart” fiscal consolidation, that is, cutting public deficits and undergoing structural reforms, whilst preserving future sources of growth, such as investments in research, innovation and education.

That is a theme that I am sure will sound familiar to our US friends. I see similarities, too, between our Innovation Union flagship initiative and the American Strategy for Innovation; similarities of vision and approach that we would be foolish not to exploit.

To return to the analogy of the climbers, if we look to the side of us and below us, there are other climbers on the cliff. Some are close and catching up rapidly.

The EU and US can cooperate with each other and with others. Ideally, we can all ascend more quickly together, and help each other not to lose our footing.

In any case, the relationships that we build with our partners will help determine our progress on the climb to prosperity. Together, we will reach our summit.

Thank you.