

The 7th EU Research Framework Programme
"Europe on Its Way to the Top"
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Knowledge for More Growth and Employment: Innovative Europe

Honourable Minister Schavan,
Commissioner Potočník,
Ladies and Gentlemen,

I would like to thank the German EU Presidency for inviting me to speak at this National Launch Event of the 7th Research Framework Programme here in Bonn.

This is not my first time in Bonn. I especially remember my visit as Prime Minister in 1991. The talks with Chancellor Helmut Kohl proved to be a milestone on Finland's road to the EU membership.

Ladies and Gentlemen,

Let me start by referring to Chancellor Angela Merkel's significant speech at the World Economic Forum in Davos in January 2006. She spoke about "*der kreative Imperativ*" when stressing the urgent need to reform our societies and economies in order to promote growth, job creation and innovation.

In her words,

"Es gibt in unserer Zeit die unbedingte Notwendigkeit – man kann fast sagen, den Zwang – zum Kreativen... Wer im Wettbewerb der Ideen besteht, der kann auch seine Zukunft gestalten, und das gilt für jeden in dieser Welt."

Since the last Davos Forum, European economies have enjoyed rather high growth rates and improved employment. Yet, the need for a creative imperative is still there. That obligation is not based on cyclical circumstances but structural demands.

There are three crucial structural challenges for Europe.

Firstly, it sounds trivial, but globalisation is the driving force for future progress and prosperity. Global integration will have a dramatic and irreversible impact on the economic and social structures of Europe.

It is politically tempting to ask for protection against globalisation or for controlling global processes. That is simply wishful thinking. The only sustainable strategy for Europe is to create new comparative advantages to compensate for those lost.

Secondly, the key sources of future economic growth and job creation are in knowledge and information. These are the sources of necessary new comparative advantages.

This message is politically correct and it has been widely adopted. However, the real challenge lies in implementation. Investments in education and R&D are necessary but not sufficient for the creation of the information society and the knowledge-based economy. In addition to these elements we need broad-based social and economic mobility to transfer resources from the old to the new.

This is not an easy task in the risk-averse and security-oriented European culture.

Thirdly, we will be hit by a demographic revolution. Without radical reforms and new dynamism, Europe will decline and suffer from economic and social convulsions.

Ladies and Gentlemen,

The Lisbon strategy, agreed in 2000, included the absolutely right response to the creative imperative. The measures proposed to make the European Union the most competitive region in the world are still valid even today.

Unfortunately, great plans and words have not been transformed into concrete actions and results.

Chancellor Merkel hit the point when saying in Davos:

“Ideen, einfach so dahin gesprochen, sind schön und gut. Ich glaube, von Ideen allein können wir nicht leben, sondern wir müssen auch zeigen, dass wir diese Ideen anschliessend in die Tat umsetzen können – jeder an seinem Platz, in Deutschland, in Europa, in der Welt.”

This is the key message for the European decision makers. That is exactly what Europeans should do: less declarations, less speeches, more concrete actions.

Actually, in addition to the creative imperative, in the field of science, technology and innovation, we face another, even more important obligation. I would like to call it an executive imperative.

Ladies and Gentlemen,

How does this executive imperative apply in the field of European science, technology and innovation?

At Hampton Court October 2005, the EU leaders admitted that the Lisbon goals will not be achieved with the present policies and actions. A fresh new start was required.

Last year, certain progress was made. In my opinion, the major accomplishment was the creation of the EU Innovation Strategy. It

provides a realistic but ambitious agenda for several consecutive presidencies.

The European Commission together with the Finnish Presidency launched several concrete initiatives to implement our common innovation strategy. We have several substantial and extremely important efforts to be carried through during 2007:

- to define and develop European lead market for innovative goods and services;
- to improve the use of public procurement policies for stimulating innovation;
- to design and put into practise a joint strategy for property rights and patents;
- to utilise the standard setting power to enhance innovation;
- to finalise the plan to establish the European Institute of Technology;
- to set clear targets how to increase the use of structural funds for promoting innovation.

Last but not least, the Competitiveness Council agreed on an annual monitoring procedure over innovation policy. This new method brings commitment, determination and continuity that is urgently required in the Lisbon strategy implementation.

In addition to the strict and ambitious execution of the innovation policy objectives, I am convinced that we need to select clear strategic priorities for our innovation policy. When using this method, we are able to create a more favourable ecology for encouraging all the shareholders to take the risk of innovation.

In my view, the FP7 priorities are well in line with the objectives of the EU Innovation Strategy. I can recognise several important elements in its structures and main objectives. As Commissioner Potočník underlined, the FP7 provides substantially more resources for science and research. It promotes practical cooperation between

national and European actors. Simultaneously, the FP7 puts in practice the idea of strategic priorities.

Ladies and Gentlemen,

As I stressed above, the dynamic innovation ecology forms the foundation for the future European competitiveness. Thus, innovation is not only about inventing and developing technologies. It is about capitalising on results of our scientific, educational and R&D investments.

The fact is that it is much easier to transform money into knowledge than converting it back to money and well-being. Here lies the fundamental weakness and challenge of Europe.

We have to substantially increase R&D spending both in the public and private sectors. Yet, the percentage share of GDP should be understood more as an indicator than a goal as such. A high level of R&D spending illustrates that a country or a region has been able to create a favourable innovation ecology.

Ladies and Gentlemen,

The building of an innovative Europe is a historic task. There is today a momentum supported by the present economic upswing. We should not lose this opportunity to create foundations for the future welfare and prosperity of our continent. I am convinced that the German EU Presidency fully understands this executive imperative.

I wish all the success for the German EU Presidency.