

Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e. V.

Securing Europe's Future by Investing in Tomorrow's Solutions

Europe stands at a crossroads: invest boldly in research and innovation (R&I) or suffer the "slow agony" of decline.¹ Europe urgently needs a more competitive economy to generate growth, therefore it must significantly boost public and private R&I investment. However, it is not only a matter of quantity, but pivotally a matter of quality of investment in future technologies. Without investing in the solutions of tomorrow, Europe risks losing both its technological edge and the competitiveness race.

Empower Europe by Design: 200 Billion Euros for R&I Investment

To secure Europe's future, the EU must fully harness its core strengths - advancing research, development, and market transfer of innovative solutions. With public R&I spending covering a third of the total, an annual funding gap of 41 billion euros (287 billion euros over seven years) must be bridged through EU and national budgets.² **Raising EU R&I investment to 200 billion euros is a strategic necessity to unlock higher private investment by derisking R&I efforts.** Proven instruments, such as public-private-partnerships (PPPs), pilot lines, and collaborative projects, must be updated and expedited to attract greater private sector involvement.

Integrate R&I into Sectoral Industrial Policy by Design

Adequate R&I funding with targeted instruments that engage by design all relevant stakeholders in sectoral acts would drive needs-based innovation, thus reinforcing Europe's industrial base. Hence, **R&I must be anchored by design in the sectoral industrial policies outlined in the Competitiveness Compass.**³ Initiatives such as the European Defense Fund (EDF) and EU Chips Act demonstrate the value of firmly embedding R&I in industrial policy, ensuring technological advancement and a competitive edge.

¹ A Competitiveness Compass for the EU: [10017eb1-4722-4333-add2-e0ed18105a34_en](https://op.europa.eu/en/publication-detail/-/publication/10017eb1-4722-4333-add2-e0ed18105a34_en)

² Align, act, accelerate: Research, technology and innovation to boost European competitiveness: <https://op.europa.eu/en/publication-detail/-/publication/2f9fc221-86bb-11ef-a67d-01aa75ed71a1/language-en>

³ EARTO Policy Recommendations 2024-2029: No EU Tech, No EU Competitiveness: <https://www.earto.eu/wp-content/uploads/EARTO-Recommendations-No-EU-Tech-No-EU-Competitiveness-Final.pdf>

Filling the Pipeline - From Idea to Market

A R&I pipeline half-full is a competitiveness race half-lost. To stay ahead in the future, Europe must ensure a steady flow of innovative ideas. The next breakthrough is unpredictable, and without continuous exploration, Europe risks falling behind. Bottom-up initiatives (e.g., open calls in Horizon Europe Cluster 3 Security, EDF, EIC) and agenda-setting with industry (i.e. European Partnerships) are an essential part of European R&I. This results in innovative solutions that might have been overlooked in a purely top-down approach. **Therefore, alongside R&I measures in sectoral policies, a future Competitiveness Fund should include a horizontal funding structure to balance bottom-up innovation and strategic priorities.**

Capitalize on the Versatile European R&I System

Innovation is not a linear process but a dynamic system. Research generates knowledge and insights, shaping technological advancements that address future markets. Innovation transforms this knowledge into new products, services, and processes that drive competitiveness. The system thrives when fundamental and applied research transition seamlessly into market deployment, ensuring breakthroughs lead to real-world impact. **Lasting R&I impact requires consistent funding that balances bottom-up ideas with strategic priorities, engages all relevant stakeholders, and fosters excellence at every stage.**

Unique EU Added Value: Innovation through Collaboration

European R&I investment must ensure European added value. Through collaborative R&I between science, industry, and society, Member States and the EU foster technological and societal solutions beyond the reach of any individual country or beneficiary. EU R&I funding presents a unique opportunity to share knowledge, resources, data, and skills across borders and sectors. **We need to further foster collaborative R&I to unlock Europe's full innovation potential as well as competitiveness** as it delivers clear added value to its industries and society in the short and long term.

Conclusion

Recognizing budgetary constraints, Europe must prudently invest in its future viability – through a higher R&I budget in the next Multiannual Financial Framework (MFF), firmly embedded in overarching policies. Today's challenges call for unwavering R&I support, or Europe will lose its competitive edge in the global race for technological leadership and dramatically limit its political scope for action.