

Speech for Lord Sainsbury at the Foundation for Science and Technology- “European Research Council”- July 13th 2004

Ladies and Gentlemen, colleagues, I am delighted to be here this evening to discuss the need for a European Research Council. This is a vitally important subject, and the numbers attending this event shows the interest which the U.K. research and technology base attaches to the development of research policy at a European level.

The European dimension of research has been one of the less heralded aspects of European development. Nevertheless, it has in many ways been a notable success story, and one which deserves more highlighting than it generally gets. Over the past two decades and more, though a series of Framework Programmes, the EU has steadily increased the expenditure it devotes to promoting and supporting research activity. As a result, researchers across Europe have come together to pursue joint projects in a wide variety of disciplines. This has increased collaboration between centres of excellence. Through its Marie Curie actions the EU has also encouraged the cross fertilisation of knowledge and skills and approaches which comes from enabling researchers to pursue careers on a cross frontier basis. Through successive Framework Programmes, Europe has made serious steps towards the establishment of a genuine internal market for science and technology. So today the European Research Area is now a great deal more than just a high-sounding slogan.

In the UK this Government has made its commitment to funding research very clear though its increases to the science budget, and yesterday through the publication of the Science and Innovation Framework 2004-2014. There are many dimensions to our strategy for science and innovation, and one of the key ones is the European one.

At the present moment we are in the middle of a consultation for the 7th Framework Programme. Here as with all Framework programmes there is a danger of plunging immediately into the detail of the mechanisms for funding projects. I believe with the architect, Mies Van de Rohe, that ‘God is in the detail’, but before we get too deeply involved in it, we should be clear about what it is we are seeking to achieve with the Framework programmes.

In the case of the European Research Area, I think there are three major challenges that almost all European countries face. They are:

- i. To match the Americans in the quantity and excellence of the basic research that we do
- ii. To improve the translation of that basic research into new, high value products and services, and thereby create more jobs
- iii. To increase the amount of R&D done by industry. It’s quite clear that if we want to match the innovation performance of American industry and reach the Barcelona target of 3%, then we need to find ways to encourage and incentivise more companies to put innovation at the centre of their corporate strategies, and spend more on R&D.

Whatever the outcome of the current EU budgetary negotiations, and however well research expenditure may come out of this process - and the UK does believe that a higher proportion of the EU budget should be allocated to research, within overall budget constraints - it is obvious that EU funding will still account for a modest percentage of European research expenditure as a whole. We need to make certain, therefore, that it is highly effective.

In this context, the proposal to set up a European Research Council is clearly extremely important as a way of achieving our first goal, that of matching the quality and excellence of American basic research. The need for action on basic research is clear. Research undertaken by the UK Government's Chief Scientific Advisor shows that two thirds of the world's most cited scientists are US-based. "Time magazine" highlighted earlier this year that very many European scientists are pursuing their careers in the US precisely because of the quality of basic research being undertaken there. We need to attract these people back to Europe - and attract the very best researchers from around the world to Europe. The proposal to set up a European Research Council is an important means to this goal.

The March Council Conclusions on Basic Research pointed the way. If a European Research Council is to help Europe match the US's quality of basic research, it must focus firmly on research excellence.

To promote excellence it is vital for any delivery agency to be independent from Member States and from any other pressures that might dilute the focus on scientific excellence. This means that it should be set up as an independent body. It should operate on the basis of international peer review undertaken on the widest possible basis since it is essential to assess European proposals against the very best in the world. It should provide a level of funding which takes account of the need to sustain the research base and pays the true economic cost of research to the institutions where researchers are based. It should, as far as legally possible, be a lightweight structure, providing funding with the minimum of formalities consistent with accountability for the use of European taxpayer's money. It should operate without cumbersome bureaucracy that would put off the desired applicants. In short it should be run by scientists for scientists.

Once we have agreed our approach to basic research, the rest of the Framework Programme should, I believe, be more clearly focussed on the second and third of our goals, the translation of that basic research into new, high value-added products and services, and leveraging up business R&D. These are equally important, if not more important, goals for Europe.

Professor Sir David King, the UK Government's Chief Scientific Advisor, has recently undertaken a detailed analysis of the effectiveness of research in 10 European countries (UK, Germany, France, Italy, Spain, Belgium, Netherlands, Sweden, Denmark, Finland) by comparison with that in the US. In population terms the EU 10 was larger - the US population in 2001 was some 278 million and that of the EU-10 some 346 million. Public expenditure on research (Government R&D expenditure plus expenditure on Higher

Education) was very close - \$ 53.5 bn in the US in 2001 and \$ 52 bn in the EU-10 for the same year.

However, in 2001, the US private sector invested \$ 180 bn in research and development. The equivalent figure for the EU- and this is for all 15 current member states, not the 10 covered in Professor King's study- was \$ 106 bn. The shortfall is dramatic. It underlies my view that the real, continuing, problem lies in the private sector and in a failure to translate the excellent basic research done in publicly funded European universities and institutes into products and processes which can underpin and improve the competitiveness of the European economy.

In these areas we are further away from the best in the world than in basic research, and it is critical for our economic success that we improve our performance. Here also the challenge is different; here we need to work closely with industry, to make certain that the research is clearly focussed on achieving competitive advantage. We are across Europe, I think, seeing a decreasing input into Framework programmes by industry, and this is obviously extremely worrying. We need to look closely at how the Commission work on Technology Platforms can help us achieve our goals, and rather than designing new instruments we need to look at how the instruments of Framework 6 can be streamlined and focused more clearly on industrial objectives.

The Eureka programme is also a great success and does an excellent job in engaging SME's and we should look if it should be given more support.

If one stands back and looks critically at the Framework Programmes, then I believe that a major problem has been that fact that basic research and applied research have been linked together. This means that both the management and evaluation have been difficult. I think that we should now look very seriously at having a European Research Council focused clearly on basic research, a second set of programmes focused clearly on competitive advantage, as well as giving support to the Eureka programme. In this way we will be able to align the 7th Framework Programme much more closely with the challenges which we all have in Europe, and get better value for money as well.