



CLIMATE & STRATEGY
PARTNERS

Funding Innovation in Europe

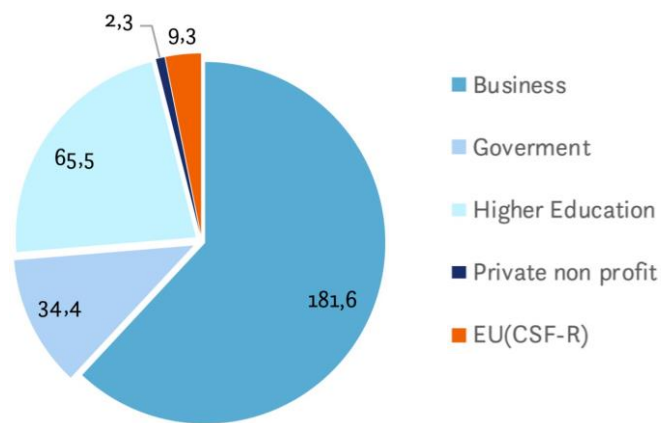
“Research is the process of creating ideas, processes, technologies, services or techniques that are new to the world. Innovation introduces something new to a given organisation - but not necessarily new to the world. For innovation to be beneficial, it must be useful and valuable, and can often be monetised.”

Paraphrased from EU Commission definitions taken from Energy Union COM Feb 2015.

With just 7% of the world’s population¹, Europe represents nearly 24% of global GDP², and the EU accounts for 20% of global research and development (R&D) investment. Specific innovation investments are harder to track and measure than R&D, but as an indication, R&D investments in Europe are estimated at around 2% of GDP³, or over Euro 300 billion annually.

Around two-thirds of the EU’s R&D is invested by companies, totalling some Euro 200 billion annually, but European companies’ R&D investment intensity (1.3% of GDP) is lower than their international competitors in China (1.6%), the United States (2%), Japan (2.6%), and South Korea (3.3%)⁴. Public R&D investments in Europe, currently Euro 100 billion annually, are growing and represent a higher percentage of GDP than in most large countries except South Korea. Central EU-level R&D funding is less than 10% of total public European R&D spending⁵ as shown in the chart below.

Chart: R&D expenditure in the EU by source of funds in 2014 (in billions of euros), of which 3-4% climate-related



Europe has had a long-standing target to grow its R&D investments to 3% of GDP (1% public and 2% private investment). This was set by the European Commission and endorsed by the European Parliament and EU Council as part of the Lisbon Strategy in 2000, and then reaffirmed in 2010, as one of the five headline targets of the “Europe 2020 Strategy”.

¹ European Commission. (2018). A renewed European Agenda for Research and Innovation - Europe’s chance to shape its future. In Publications. Retrieved from https://ec.europa.eu/info/publications/renewed-european-agenda-research-and-innovation-europes-chance-shape-its-future_en
² Jacques Delors Institute. (2017). Making the Energy Transition a European Success: Tackling the Democratic, Innovation, Financing and Social Challenges of the Energy Union. Retrieved from <http://www.institutdelors.eu/wp-content/uploads/2018/01/makingtheenergytransitionaeuropeansuccessstudy-pellerincarlfernandesrubio-june2017-bd.pdf?pdf=ok>
³ European Commission. (2017). LAB – FAB – APP — Investing in the European future we want. Retrieved from http://ec.europa.eu/research/evaluations/pdf/archive/other_reports_studies_and_documents/hlg_2017_report.pdf
⁴ European Commission. (2018). A renewed European Agenda for Research and Innovation - Europe’s chance to shape its future. In Publications. Retrieved from https://ec.europa.eu/info/publications/renewed-european-agenda-research-and-innovation-europes-chance-shape-its-future_en
⁵ European Commission. (2017). Prepared by the R&I family DGs Issue paper s for the High-Level Group on maximising the impact of EU research and innovation programmes. Retrieved from https://ec.europa.eu/research/evaluations/pdf/hlg_issue_papers.pdf

