

PLENARY MEETING OF THE LXI COSAC

SESSION IV

Economy based on innovation, technological progress and social European Union impact; the role of national Parliaments in fostering the „New Economy” of the EU

–background note–

Innovation and knowledge are major drivers for competitiveness and smart economic growth. For this reason, the [Europe 2020](#) Strategy initiated the [Innovation Union](#) initiative, with the aim to “re-focus R&D and innovation policy on the challenges facing our society, such as climate change, energy and resource efficiency, health and demographic change.”

At EU level, the European Commission committed to complete the [European Research Area](#), in order to (i) improve the framework conditions for businesses to innovate, (ii) establish “European Innovation Partnerships” between European and national levels, (iii) develop the EU instruments' role in encouraging innovation and (iv) promote knowledge partnerships and entrepreneurship by supporting innovative young companies.

At national level, Member States were called to reform their research and development (R&D) and innovation systems in order to (i) foster excellence and smart specialisation, (ii) focus school curricula on creativity, innovation and entrepreneurship and (iii) take fiscal measures to promote greater private R&D investments.

The [renewed European Agenda for Research and Innovation](#), adopted in May 2018, illustrates that the EU accounts for 20% of global R&D investment and around one third of all high

quality scientific publications and that it should develop “its own distinct model of innovation” while ensuring a high level of privacy and data protection. It also draws attention to innovation deficits and obstacles and to the need for a proper mix of policies and instruments. Furthermore, low-spending Member States in R&D are encouraged to invest more, as a way to maximise the EU’s innovation potential.

The European Commission's proposal regarding the [Multiannual Financial Framework 2021-2027](#) (MFF) deems that investments in research and innovation are top priorities of the Single Market, as they unlock future growth and tackle common challenges.

Building on the success story of [Horizon 2020](#), the European Commission proposed a new research programme, [Horizon Europe](#), with a proposed budget over EUR 90 billion, able to keep the EU in the front position of global research and innovation.

In March 2019, the EU Council and the European Parliament reached a [common understanding](#) on *Horizon Europe*, excluding horizontal and financial issues which are currently being discussed as part of the negotiations on the next EU's MFF for 2021-2027. This was followed by a European Parliament's [legislative resolution](#), adopted in April 2019, which emphasised the need to increase public

and private investment in R&D and innovation and to speed up the access to funds for small collaborative consortia. The European Parliament mentioned also the importance of coordinating research and innovation with the cohesion policy and other EU programmes, in order to avoid overlaps and duplication. Furthermore, it was pointed out that *Horizon Europe* should:

- a) strengthen cooperation between European undertakings and international private and/or public sector partners;
- b) engage and involve citizens and civil society organisations in co-designing and co-creating responsible research and innovation agendas;
- c) encourage a strong participation of SMEs, since they are a significant source of innovation and growth in Europe; and
- d) respect fundamental rights and principles acknowledged by the Charter of Fundamental Rights of the European Union.

A new [European Innovation Council](#) is intended to support top-class innovators, start-ups, small companies and researchers with bright ideas. Also, a new and fully integrated investment fund, [InvestEU](#), is expected to mobilise more than EUR 650 billion of additional investment across the EU.

Moreover, a key European priority is the completion of the Digital Single Market. Therefore, the new Digital Europe Programme, with a budget of EUR 9.2 billion, is meant to support important projects in the areas of artificial intelligence, supercomputers, cyber-security and industrial digitalisation.

Ahead of the [meeting of EU27 leaders in Sibiu](#) (Romania), on 9 May 2019, the European Commission presented its proposals for the [EU's next strategic agenda for 2019-2024](#). To support

a competitive Single Market, it indicated that research and innovation should be focused on the ecological, social and economic transitions, as well as on related societal challenges. Boosting ethical and safe artificial intelligence, along with building European world-class super computers and cyber strategic capacities might contribute to the EU's efforts to become a world leader in digital transformation. In this context, it was emphasised that new technologies must not mean new values and that digital transformation should happen in full respect of the fundamental rights.

Artificial intelligence is already part of our lives, being used in many areas. Over the next decade, it will exert its influence on new sectors, undiscovered yet, generating great changes in society and industry. As such, the EU believes it can take a leading role in developing and using artificial intelligence for the benefit of all, capitalizing on:

- i. world-class researchers, laboratories and start-ups;
- ii. Digital Single Market; and
- iii. a multitude of data.

In this context, the European Commission Communication ["Artificial Intelligence for Europe"](#), of April 2018, represents an initiative seeking to:

- a) boost the EU's technological and industrial capacity, as well as the artificial intelligence uptake across the economy;
- b) prepare the Single Market for socio-economic changes brought about by the artificial intelligence; and
- c) ensure an appropriate ethical and legal framework, based on the EU's values and in line with the Charter of Fundamental Rights of the EU.

For these reasons, the EU committed to:

- i. increase investments in artificial intelligence;

- ii. facilitate access to data, especially to non-personal data;
- iii. support development of skills, including those that cannot be replaced by any machine, such as critical thinking or creativity;
- iv. increase the number of people trained in artificial intelligence; and
- v. encourage diversity.

In December 2018, the European Commission adopted the [Coordinated Plan on Artificial Intelligence](#), in order to maximise the impact of investments at EU and national levels, to exchange best practices in preparing for the artificial intelligence transformation and to address legal and ethical considerations. This Plan urges all Member States to have their own artificial intelligence strategies by mid-2019 and to increase efforts in stimulating public and private investments in this area. Member States are also called to (i) support the European networks dealing with artificial intelligence research, established between excellence centres, (ii) invest in digital innovation hubs across Europe, (iii) reinforce cooperation with the private sector and (iv) exchange best practices on how to retain talented workers.

In February 2019, the EU Council (Competitiveness) adopted [conclusions](#) on this Plan, (i) underlying the importance of high-end applications for all economic sectors, (ii) encouraging all enterprises – small or large, high-tech or not – to grasp digital opportunities to innovate and (iii) calling for more secure and easy access to data. Furthermore, the Council called the EU and the Member States to find solutions to retain artificial intelligence researchers and specialists in Europe and to attract talents in the EU. It also encouraged all economic actors to step up investments in this area.

Issues for discussion:

- *Could national and regional Parliaments limit the academic brain-drain in the area of artificial intelligence?*
- *What would be the role of the EU in retaining the talented workforce in Europe?*
- *Should the technological progress, as individual policy, be on the priorities list of the next European Commission?*
- *Who should decide on ethical issues entailed by the technological progress and the digital revolution?*