

A window of opportunity for influencing European research and innovation policy

There is fresh thinking in European research and innovation policy. The brand-new report, "The Future of European Competitiveness"¹, prepared by economist Mario Draghi, has highlighted this policy area as crucial for the continent's competitiveness. European Commission President Ursula von der Leyen has already stated that the report will influence the new Commission. This gives Denmark a window of political influence on Europe's future, as the EU's next framework program for research and innovation will be negotiated during Denmark's EU presidency in the second half of 2025.

Few thinks of European research and innovation policy as a core Danish interest. But it is. This policy area is essential for Europe's competitiveness. It is also an area where Denmark speaks with authority because we are at the forefront when looking at indicators, relatively speaking. This includes the European Innovation Scoreboard, where we rank first for the second consecutive year². Even in absolute terms, we have a weight that exceeds our self-image as a small country. We have more top-tier publications than larger countries like Poland, Austria, Portugal, and Belgium³, and Denmark accounts for 7 pct. of the global biotechnology market.⁴ We owe it to ourselves and Europe to engage in the European debate on research and innovation policy, and with a Danish EU presidency in the second half of 2025, the timing could not be better.

What is happening in Europe?

A central debate in Brussels concerns what should drive investments in research and innovation. Should research and innovation be justified in their own right, where investments are made according to the so-called excellence principle? This means that funds are allocated to projects where scientific quality is assessed as the best. Opposed to this principle are two other possible criteria: the widening principle and strategic autonomy. Under the widening principle, funds are allocated to strengthen capacity in countries that do not have strong research and innovation environments, while strategic autonomy involves investing in areas where Europe is deemed to have a strategic need to build and develop capacity. This could include industries such as space and defense.

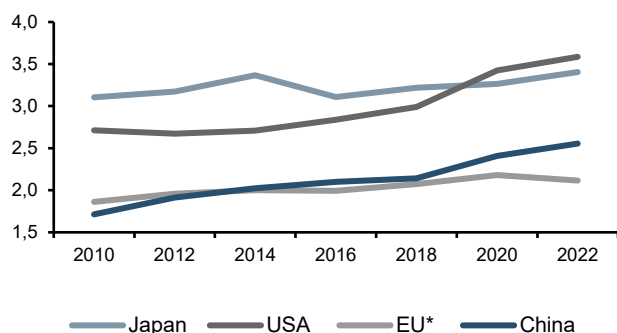
The Draghi report discusses the interplay between these three investment principles and how each can support European competitiveness. For instance, the report finds it necessary to elevate scientific quality in Europe and, on that basis, recommends doubling the budget for the European Research Council (ERC). From DFIR's perspective, it is crucial to maintain focus and resources on developing fundamental research based on the excellence principle. European competition has exceptionally supported this type of research through initiatives such as ERC and Marie Skłodowska-Curie Actions. Conversely, European instruments have not been as successful in supporting the other investment principles.

Another topic being discussed in the European capital is Europe's ability to attract talent. Europe's competitiveness is suffering from a shortage of people with the right qualifications, calling for ambitious strategies in education and upskilling. In research, geopolitical shifts have made it more challenging to attract research talent, particularly from China. From DFIR's viewpoint, it is crucial that the EU develops relationships with new regions to support talent attraction. For Denmark, it is not enough for international cooperation to only occur within a European framework. Europe should aim to become as attractive a destination for talent as the U.S.

We can also expect an intense debate on the level of European investments in research and innovation policy. In the EU, 2.11 pct. of GDP is spent on research and innovation, compared to 3.6 pct. in the U.S., 3.4 pct. in Japan, and 2.6 pct. in China. European investments represent a declining share of global investments (see Figure 1). Europe faces a unique challenge in increasing and diversifying investments from the private sector. The Draghi report highlights the stability of European companies' investments in research and innovation, which is not the case in the U.S. or China, where new companies, particularly in the digital sector, have grown rapidly and become those with the largest research and innovation budgets. The American and Chinese dynamism in private investments suggests that research is conducted where marginal utility is greatest, not where there is a tradition of large research budgets, as in the European automotive industry. The Draghi report recommends doubling the budget for the next European framework program to 200 billion euros.

In addition to common European funding, there is also a need to discuss national investments. Several EU countries invest less than 1 pct. of GDP in research and development.

Figure 1 Investments in research and development as part of GDP.



Anm: *27 countries from 2020

Source: OECD Main Science and Technology Indicators (MSTI database)

Thus, they are still far from fulfilling the Lisbon target set in 2009, where a common goal was set to invest 3 pct. of GDP in research and innovation. This target must now be considered unambitious in light of the global competitive situation. One possibility could be to work towards binding targets for research and innovation investments. This would be a significant break with tradition but would also be in Denmark's interest.

Finally, we will see a debate about the weaknesses of the European framework program for research and innovation. The Draghi report calls it "excessively difficult" to receive funds from European programs due to administrative burdens. There are also challenges in realizing the potential of public-private partnerships, and the framework program is criticized for spreading funds too thinly across too many themes and priorities.

From Draghi to DFIR: What should Denmark do?

However, there are also challenges in Denmark's research and innovation system in its interaction with the EU level. From DFIR's perspective, there are three key challenges that call for national adaptation, which could place Danish institutions and companies in an even better position in relation to European cooperation. For public research environments, the issue is that the EU's overhead is not competitive. Overhead is a technical term for additional funds that cover indirect costs like rent, utilities, and administrative support. The background to this challenge is that the Danish balance between basic funds and competitive funds has shifted, so Danish environments today receive far more competitive funds than before. This means they have fewer opportunities to co-finance grants from various sources.

One solution could be for the Danish state to co-finance some of the indirect costs, as described in DFIRbrief #46⁶. This is a model introduced in Norway under the name Re-tur-EU scheme.

Another challenge concerns the Danish business sector's participation in European programs. It is insufficient compared to comparable countries. This applies to SME participation in standalone projects and large companies' participation in programs like the EU's Innovation Fund. It will require continued attention to raise awareness within Danish businesses about European collaboration opportunities.

Finally, Denmark has a systemic challenge where, over several years, there has been an offset from Danish returns that exceed Denmark's calculated contribution to the EU's research programs. See DFIRbrief #46 for a detailed description. If this offset is stopped, we will exceed the Danish 1 pct. target that has been a consensus for many years. If we continue to be as successful in the EU's programs as before, we can expect to increase the national research budget by about DKK 400 million annually.

For further information:



Frede Blaabjerg

Chairman of DFIR

Phone: 21 29 24 54

E-mail: fbl@et.aau.dk



Mette Birkedal Bruun

Vice-Chairman of DFIR

Phone: 24 87 46 48

E-mail: mbb@teol.ku.dk

Noter

¹ The European Commission: [The future of European competitiveness – A competitiveness strategy for Europe, 2024](#)

² [European Innovation Scoreboard 2024](#)

³ [OECD, Science, Technology and Innovation Scoreboard](#)

⁴ Worldwide; Torrey Partners; S&P Capital IQ; as of November 2021: [Statista: Value share of the biotech sector worldwide as of 2021, by country](#)

⁵ The European Commission: [The future of European competitiveness – A competitiveness strategy for Europe, 2024](#)

⁶ DFIRbrief 46: [Strengthen Denmark's participation in European research and innovation programs](#)