

Brussels, 8 November 2012

## **Competitiveness for Growth and Jobs within the next MFF (2014-2020)**

Dear Mr President, dear Mr van Rompuy

The European Union today stands at a defining moment in its history: The undisputed economic and political leadership in which Europe and the western societies have been the main global power generating new ideas, innovation, economic growth and prosperity has come to a stalling point.

While other emerging economies are growing steadily and record a substantial gain of innovation capacity, the European Union suffers from declining economic growth, high levels of unemployment and excessive debt burden.

We are therefore convinced that the full implementation of the "Europe 2020" strategy - once devised by the Member States to provide a smart and sustainable solution to these problems - has amounted to crucial importance as a comprehensive strategic agenda to tackle the current economic crisis.

In this context, it seems incomprehensible to us that no attention seems to be paid to the basic ideas of "Europe 2020" within the ongoing MFF negotiations. The most recent compromise proposal of the Cypriot Presidency foresees the reintegration of ITER and GMES into heading 1a "Competitiveness for Growth and Jobs" while proposing to cut the respective budget of this subheading, implying an effective cut of 12.3% - turning "Competitiveness for Growth and Jobs" into the one area facing the most severe cuts within the latest proposal.

Briefly, we fear that the "Europe 2020" strategy might remain nothing more than just another set of ambitious goals that will fall victim to ill-focused, short-term planning and a lack of strategic oversight on behalf of the Union's Member States.

The importance of research and innovation in accelerating the transition towards a sustainable, world-leading, knowledge-based economy cannot be stressed enough and has been acknowledged by the Council, the Commission and the European Parliament as well as a number of economic experts. There is no place in the world where research and innovation are as crucial for sustainable economic growth as it is in Europe.

In the view of the latest MFF proposal by the Cypriot Presidency, we fear that there is very little awareness of the fact that the Commission proposal on Horizon 2020 already represents little more than a mere continuation of the 2013 funding level of the 7th Framework Programme. Given the integration of all existing EU research and innovation funding measures (CIP, EIT, space research) into the new programme, we fear that this increase in objectives has not at all been matched by an increase of funds.

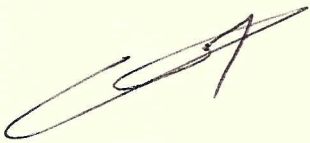
But instead of a deadlock or even a decrease of the budget we need a significant increase of the RDI investment in Europe - in particular in times of economic downturn.

Facing the poor levels of RDI spending in Member States all across Europe, cutting the Horizon 2020 budget would be the most fatal thing to do. It would mean giving up on the Europe 2020 strategy and its objectives on smart growth through innovation. In that case no substantial growth effect can be expected to be delivered by the European budget. The underlying economic and political message to a competitive world would be devastating.

We insistently call on you to advocate the need for a substantial increase of the Horizon 2020 budget.

Thank you very much for your support.

Best regards,



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