

POSITION

A research, education and innovation partnership for Europe's competitiveness

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1. EUROPE'S COMPETITIVENESS AGENDA

'Putting research and innovation at the heart of our economy' is one of the central points of the [political guidelines for the European Commission for 2024-2029](#). This is the right direction of travel for Europe and its universities, as research, innovation, education and skills are not only the keys to Europe's competitiveness, but essential elements for protecting Europe's social model and security on our continent.

As this new policy cycle began, prominent reports by [Mario Draghi on European competitiveness](#) and [Enrico Letta on the Single Market](#) published in 2024 set a clear, yet incomplete, roadmap. The European Commission's [Competitiveness Compass](#) must now create space for dialogue and co-creation.

As the cornerstone of European research and innovation, as well as serving 20 million learners across Europe, universities are key to making the Competitiveness Compass a success. For this reason, the European University Association (EUA) proposes a partnership for competitiveness, bringing together the stakeholders and sectors that form Europe's knowledge base and the policy makers that can create the framework conditions to further develop and leverage it.

While documents such as the Draghi and Letta reports set important top-level goals and foster strategic debate, in taking the next steps European policy makers will gain from paying much closer attention to what happens on the ground, including at universities. Moreover, to maximise their contribution to Europe's competitiveness, research, innovation, education and skills need optimal framework conditions. Any reforms and investments in that direction must be implemented thoroughly and ensure consistent dialogue.

As the voice of Europe's universities, EUA continuously gathers evidence and ideas from more than 900 members across the continent. Therefore, in this paper EUA outlines several ways in which the European Union can create the right framework conditions to place research, innovation, education and skills at the heart of its economy, including by providing citizens across Europe with the education, skills and competencies that they need.

1.1 A long-term strategy for research, education and innovation

Only a long term-strategy and a dynamic knowledge cycle can boost Europe's competitiveness. Importantly, a dynamic knowledge cycle goes beyond the static distinction between (fundamental) research, innovation and the deployment of marketable solutions. Similarly, the EU must define competitiveness in a broad sense, aiming at environmental sustainability and inclusive, secure and equitable societies. To truly foster a competitive economy, Europe must sustain the entire ecosystem of knowledge, skills and culture that produces knowledge-based solutions over time.

European universities have long provided the education that citizens and societies need. And in today's world, they also build the capacities, skills and competencies needed to adapt to rapidly changing circumstances and a more competitive world order. Beyond generating breakthrough research and innovation and

producing new skills profiles for the workforce, universities' expertise is a form of commons that benefits all of society. Indeed, by pursuing their core missions they embody the advancement of knowledge.

As hubs of knowledge and expertise, and anchor institutions in regional innovation ecosystems, universities foster collaboration across disciplines and sectors. Universities are also uniquely positioned to facilitate and catalyse the entire knowledge cycle, producing new, bold ideas, facilitating innovation and bringing knowledge to use across society and the economy. This pivotal contribution needs to be supported by investments in basic research, transnational cooperation for innovation and new ideas, as well as forward-looking support to where excellence is emerging and needs investments to fully flourish.

In short, by acting as 'public knowledge stewards with a civic role', universities are key enablers of the societal transformation needed to create a more competitive and prosperous Europe. This includes taking an active role for democracy by actively providing the facts for an evidence-based public debate.

1.2 Education and skills

Europe's competitiveness depends heavily on skills, as well as its ability to maintain and enhance its skills pool in response to changing demands by developing and attracting talent. In addition, it is important to note that Europe's current skills gap is as much a demographic challenge as it is an educational one.

The EU has a proven ability to stimulate and shape reform in education and training. For example, short courses and micro-credentials have been offered at European universities for many years. The European Universities Initiative and measures to create joint programmes/a European degree are further examples. Nonetheless, European societies and economies need holistic policies that go beyond fine-tuning supply and demand for skills.

The European skills base must be part of a long-term strategy that fosters dynamic and sustainable education systems and institutions that provide a learning offer spanning from degrees and micro-credentials to self-learning, allowing professionals and citizens to learn, relearn, upskill and reorientate. Indeed, economic and societal resilience will not come from a narrow focus on supply and demand for certain skills. Rather, Europe will build resilience by equipping citizens with a broad set of transferable skills and a solid foundation for lifelong learning. This includes the central skills and insights that come from training in the social sciences and humanities.

To catalyse a competitive skills base, universities across Europe need a European framework that accounts for their diverse profiles and missions. The EU must support universities to work together to respond to the needs of learners, societies and economies. Europe's skills gap cannot be solved by a few flagship institutions alone. Rather, the key European strength of collaboration must be fully invoked.

In addition, everyone should feel welcome in higher education and research regardless of their background, and it is important that universities continue to work on equity, diversity and inclusion. This is critical for Europe to continue to develop and retain talent. And while internationalisation in teaching and learning is a distinctive feature of European universities, it must be better utilised for talent and skills development. In this regard, political measures must take into consideration migration flows and policies, which are perceived quite differently across the EU, depending on economic and demographic trends.

Moreover, to support Europe's competitiveness, a stronger acknowledgement and recognition of lifelong learning as a higher education mission is needed. Concretely, policy makers must address the needs of institutional and inter-institutional structures, including distance and hybrid learning and structures at the system level, to support this fully. Obstacles that hamper the provision of lifelong and continuous learning at national level also undermine European collaboration in this area.

Finally, better skills intelligence, as mentioned in the Draghi report, is an important element of better skills policies. However, the effort required to assemble the necessary data and systems - in particular across countries - should not be underestimated. Structural initiatives must ensure that learners have the skills to fulfil their potential and engage in lifelong learning.

2. A HOLISTIC APPROACH THAT PLAYS TO EUROPE'S STRENGTHS

Putting research, innovation, education and skills at the centre of the competitiveness agenda requires a holistic approach that looks at the framework conditions of the European system as a whole.

European universities possess a unique strength in their ability to work together. Indeed, by joining forces they create invaluable possibilities for learners to pursue their educational goals across borders. Giving priority to an additional fifth freedom within the Single Market, the circulation of knowledge - as highlighted by Enrico Letta - means giving priority to cooperation.

As such, policy makers must pay attention to the needs of all stakeholders to guarantee that all European citizens, organisations, companies and regions can fully contribute to the competitiveness agenda.

Moreover, clusters of excellence exist across many institutions in different contexts; they are often not concentrated within individual universities. Actions that aim at boosting excellence will be most effective when thought is given to their systemic impact. Isolated high capacity institutions may enjoy significant visibility and prestige, but their impact must benefit everyone. This entails flexible funding options and regulation that allows organisations and institutions to pursue their own mission and their goals. The framework conditions must also give priority to collaboration.

Adopting a system-level perspective to competitiveness will play to Europe's strengths. The European university system is arguably the best in the world. Nowhere else is capacity distributed among so many different institutions that serve so many different innovation ecosystems, and the European system of transnational cooperation among universities is unparalleled. This system of cooperation is further strengthened by including associated countries outside of the European Union. And nowhere else do such a large number of research-intensive institutions also have a large number of students that have access to cutting-edge knowledge.

Measuring Europe's universities through rankings based on the higher education systems of other world regions diminishes a foremost European achievement: Europe is a global knowledge superpower - leading in scientific publications - thanks to its unique strengths in access and cooperation. Further enhancing the strengths of its universities should be a key ambition in Europe's renewed drive towards competitiveness, with vast potential waiting to be unleashed through a genuine fifth freedom and increased funding.

2.1 The fifth freedom

To achieve a vibrant and dynamic knowledge cycle, Europe must embrace the fifth freedom to ensure the free movement of research, innovation, knowledge and education. To make this vision a reality, two key priorities must be addressed.

First, the fifth freedom must encompass the full circulation of knowledge in all its dimensions, and not be limited solely to researcher mobility. This requires the creation of conditions for cross-fertilisation across borders, disciplines and sectors, enabling knowledge to flow seamlessly within a dynamic and inclusive knowledge cycle, including with the EU's neighbours and global partners. In addition, closer alignment and coordination between key EU frameworks, such as the European Research Area (ERA), the European Education Area (EEA) and the European Higher Education Area (EHEA) are necessary, while taking into consideration the regional differences in Europe in terms of funding as well as legal context.

Second, openness must be a defining principle of the fifth freedom. Knowledge assets—ranging from educational resources to research data and methodologies—should be shared as openly as possible, fostering equitable access, collaboration, and transparency, while ensuring necessary protections for intellectual property, privacy, and security. Promoting open science practices, creating interoperable platforms for sharing knowledge, and ensuring inclusive participation from all sectors will be essential to realising the full potential of this freedom, within a thriving knowledge economy.

2.2 Funding

Investing in Europe's competitiveness is vital. Indeed, the Draghi report calls for significantly increased investment in research and innovation - particularly basic research - and an enhanced Erasmus+ programme to foster resilience and long-term growth in Europe.

[EUA's research on university funding](#) reveals a concerning financial outlook for universities in many European systems over the next five years. National budgets for higher education and research are under pressure. Meanwhile, expectations for European funding continue to rise, partly fuelled by the Draghi report adding his voice to the many stakeholders that have called for the budget for the next research and innovation framework programme (FP10) to be at least doubled. Indeed, the European Commission's own [Expert Group on the Interim Evaluation of Horizon Europe](#) chaired by Manuel Heitor called for even higher figures than the Draghi report.

EUA has also outlined its own [vision for FP10](#), calling for its budget to be increased to €200 billion and ring-fenced. The Association firmly believes that the programme's budget must not be diverted - without the introduction of new funding - to other priorities when funding is needed to address emerging challenges or shifting political landscapes. For this reason, and in light of ongoing discussions about the potential integration of FP10 into the proposed European Competitiveness Fund, [EUA has strongly advocated for a stand-alone programme](#).

However, achieving this ambition requires not only a stand-alone programme and increased funding, but also efforts made in parallel to enhance the effectiveness and accessibility of funding mechanisms. Here, it is crucial to invest in the whole knowledge cycle and ensuring the foundations in basic research.

Enhancing the firepower of European funding - by reducing inefficiencies and administrative burden and creating real synergies throughout the entire funding spectrum - is a critical priority. Simplification must move beyond political declarations and become a tangible reality. To this end, [EUA has put forward specific proposals](#) for the EU's R&I Framework Programme, including streamlining application processes, reducing reporting requirements and fundamentally reforming audit practices by adopting system and process audits. Lessons learnt from the EU's Recovery and Resilience Facility and European Structural and Investment Funds highlight persistent complexity and bureaucracy in the national implementation of European funding, building on the [Association's previous work on simplification](#).

While it is important to improve processes, it is crucial that Europe retains and strengthens funding instruments that demonstrate high added value. Public investment at European and national level must remain the main foundation of universities' contribution to competitiveness. Although private investment and debt financing tools play a crucial role in funding R&I, public funding remains essential, particularly for basic research, which private funds cannot replace.

Finally, it is important to note that universities, as legal entities, often cannot directly benefit from debt financing instruments. A comprehensive strategy to enhance Europe's competitiveness must prioritise robust public investment at all levels, paired with significant improvements in the efficiency and effectiveness of its delivery.

3. THE ROAD AHEAD

Research, innovation, education and skills are each complex policy areas in their own right. Nonetheless, their contribution to Europe's competitiveness need to be seen as a whole.

Europe needs to invest, and it needs to create better framework conditions that allow the actors in these fields to adapt, develop and grow. This requires a continuous dialogue, and universities are ready to fully take part in this.

For this reason, EUA proposes a research, education and innovation partnership for competitiveness, a dialogue between those that form the basis of Europe's knowledge and those that can create better framework conditions to develop and spread this knowledge base: a partnership for competitiveness built on co-creation and dialogue and with respect for the missions and goals of all.