

I work in the IT, security and related areas in R&D and am a frequent evaluator for the European Commission of proposals for funding in those areas.

As an aside, the UK's ambivalent position to the EU is sometimes an issue in collaborative R&D projects, and makes it harder for UK partners to be taken seriously.

-----

There are competences that are vital to the UK and Europe that are beyond the financial ability and the risk single governments are prepared to take. An example is that of the semiconductor industry, where a new manufacturing line is in excess of €5billion. However, there is a value chain around this, and a significant part of this relies on proximity – proximity to end markets, and proximity to manufacturing. With electronic chips at the heart of a large proportion of modern society, this is as fundamental to the UK today as coal and iron were during the Industrial Revolution. Regionalisation and globalisation have changed the nature of business; coupled with integration and mobility, this business is quite different to business models from the past.

Today it is about “coopetition” – cooperation where it benefits and competition in the market. This requires a lot of trust. This trust has an invisible financial value that does not appear in this analysis.

This analysis should attempt to value some of the intangibles – just like company balance sheets do. For example, on the defence side, without that trust, would the UK have to develop more of its own systems – at higher cost because the market would be smaller and the R&D cost has to be amortised over a smaller volume?

If the UK was outside the EU, would we end up with higher spending on defence? I accept that some of these are political arguments, but there is certainly a case for trying to value some of the intangibles.

Returning to R&D, which is a significant part of the EU budget. Since we have a global market, just as products have to be the best to succeed, the same principles apply to R&D. No one country has the best R&D and the EU programmes allow the UK to be players at the highest level. Disengagement of the UK from the EU will slowly but surely reduce the quality of UK R&D through increased isolation. Since the core of most modern products is increasingly the IP (Intellectual Property) in which the UK excels, it will have a detrimental effect in a 5-10 year timescale.

One last point. Governments of whatever type and whatever country normally have a vision that really only goes as far as the next election cycle. Typically this is 5 years or less. However, much of the R&D that leads to successful products has a longer cycle than this – more like 5-10 years. The EU framework cycle is better aligned with the strategic long term needs. Disengagement from that will reduce UK R&D policy and direction to short term, so the UK is less likely to be successful with the strategic long term breakthroughs for new markets.

Sorry these arguments are not all economic, but I do think that you need to at least attempt to put some value on the intangibles. It is not possible to have a club where everybody gets more out than they put in. Thus, no-one would ever join a club. But they do, and this is because they put a nominal value on the intangibles.

Tony Gore

*Aspen Enterprises Limited*