

Joint Informal Meeting of Ministers for Research and Industry

Presidency Summary: Accelerating the transformation of Europe through innovation

15th July 2010, Brussels

At the joint session for EU Industry and Research Ministers during the informal ministerial meeting in Brussels on 15 July, discussions were held on the subject of 'Accelerating the transformation of Europe through innovation'. The Belgian Presidency summarizes this constructive discussion as follows.

Ministers underline the sense of urgency for a highly ambitious and integrated innovation strategy, based on strong synergies between innovation policies and between stakeholders. The upcoming flagship "Innovation Union" is of crucial importance to meet the Europe 2020 Strategy objectives and Ministers call to focus on the solutions necessary to implement it efficiently in order to find the shortest ways from research to market. Furthermore, with innovation being the key of transition towards a greener and competitive industry, this flagship should be designed and implemented in close interconnection with the flagship "An Industrial policy in the era of globalisation".

Both EU and national budgets are under pressure due to the current economic and financial crisis. If budgetary cuts in RDI and Higher Education were made, it would take us further away from the 3% target. Avoiding this requires political will and collective action. Specific actions also need to be undertaken to accelerate investments in RDI so as to support the transition of the EU economy towards an energy and resource efficient and competitive knowledge economy that ensures sustainable growth. All bottlenecks that constrain investments in innovation must be addressed.

Funding Innovation

In terms of **financing innovation**, **SMEs** came as the top priority for most if not all Ministers. Not only firms from new sectors but also traditional ones should be considered. Measures advocated included:

- Increasing the funding level for innovation loans available from EIB and EIF and facilitating access to these loans for SMEs ;
- developing support to eco-innovation, especially for SMEs ;
- the creation of a European fund for innovative SMEs to provide them access to finance at all stages of their development, notably through venture capital ;
- reinforcing, for the next programming period, the concentration of structural funds on Europe 2020 Strategy priorities, with special emphasis to RDI ;
- a review of the State aid framework;
- promoting the exchange of experiences and practices among Member States on financing innovation.

Efficiency should also be enhanced by stronger synergies between community financing tools, and EU tools should be designed so as to maximise EU value added. Applied research and innovation must be based on solid basic research. A selective approach to funding applied research must not be detrimental to the current levels of funding of frontier research.

Obstacles to innovation

A good European **patent** system is also a precondition for innovation. Setting up a public Fund for Patents, along the French model, could be a model for a European Patents Fund.

Completing the European **single market**, including the development of **common standards** is essential for the creation of a single innovation market (e.g. digital single market, electric vehicles, ...) by reviewing the EU standardisation system and looking for fast-growing markets in need of anticipative new standards.

The European Union and the MS are encouraged to use public procurement to stimulate innovation. Access of SMEs should be in particular facilitated. A European framework should be designed in order to foster national and cross-border public **procurement** schemes aimed particularly at innovative products and services.

The complexity of research and innovation funding leads to administrative burdens and discourages universities, researchers and the private sector, in particular SME's, to apply for them. **Simplification** of the research and innovation programmes is key to innovation.

The quality of higher education and basic research is a precondition for an efficient innovation system. The close association between **higher education** and (basic) research is to be reinforced through setting up joint doctoral programmes. The EIT model should be further extended. The Member States should put in place more effective education and training programmes geared towards training or up-skilling creative people, researchers and entrepreneurs needed to fill in the jobs of our innovation based economy. More talented people should be attracted to or maintained within our European universities and mobility should be further facilitated by removing existing administrative and legal barriers. Links between universities and industry are also to be consolidated.

A European legal framework should be developed in order to foster convergence of fiscal provisions in favour of research and innovation and to improve access to attractive fiscal measures for philanthropic financing of universities and research institutions.

An integrated approach to innovation

Innovation Partnerships

Innovation Partnerships are welcomed by the Ministers, as a tool to foster synergies between community funding instruments and to reconcile supply and demand policies. They should be set up through a competitive process, with clear criteria in which excellence should have an underpinning role and be focused on major societal challenges, associated with clear market prospects, which are also priorities for Member States. Partnerships should not be a new instrument, but rather integrate all existing instruments under a coherent framework. Other success factors of those Partnerships pointed by the Ministers are the following: transparency, openness, objectivity, public-private approaches.... Ministers pointed out the necessity of an inclusive approach of these partnerships, so that all relevant stakeholders, including industry and SME's in particular, from all Member States and Regions can participate and benefit from it. Participation should be voluntary and respect the principle of variable geometry.

Clusters

Clusters are recognised as key drivers of innovation and growth by developing collaborative and multi-sectoral approaches, and stimulating strong interactions between innovation actors. European clusters should be further developed with a view to support innovative cooperation and projects at EU level by means of networking. European support should be geared towards the development of internationally competitive clusters, on the basis of an objective selection process. In this respect, the Knowledge and Innovation Communities of the EIT were mentioned as an interesting model. Clusters should associate enterprises, including SMEs, universities and public research centres, and be market oriented. An interesting proposal is to create a European platform for exchange of experience on clusters.

The specific role of SMEs in the innovation chain requires specific attention and measures. In that perspective, the innovation axis of the SBA (Small Business Act) should be further developed and reinforced. Actions aiming at knowledge diffusion and valorisation by SMEs, supporting innovative SMEs, facilitating innovation by SMEs, participation of SMEs in clusters,...should be considered. A clear link between the implementation of the SBA and the upcoming Innovation Union communication should be established.

Multi-level governance : fostering the public's support for innovation

Coherence and coordination between the different EU policies and between EU and national/regional/local policies must be enhanced in order to mobilise effectively all resources. Duplication of efforts and lack of critical mass for achieving real breakthroughs need to be tackled urgently. A better involvement of the different governance levels in EU policies could facilitate convergence of policies, 'smart specialisation' strategies and ownership of UE priorities by all stakeholders.

The role of regions and cities is not to be underestimated in their role of public and social innovators as this is often a bottom-up, user-driven process which regional and local governments can stimulate and foster directly. A better access to EU programs at the regional level require however more coordination efforts. Cities can serve as a test-bed for piloting new innovative solutions at a critical scale. A cultural change must be accelerated among citizens in general and young people in particular, in order to support innovation and entrepreneurship and become active innovation actors e.g. through national, regional and local awareness campaigns.

Fostering innovation in EU imply the mobilisation of a large set of policies, going far beyond RDI policies: education, competition, internal market, ICT,... and horizontal coordination between those policies should be reinforced. The improved coordination across the Commission is appreciated as a positive evolution, and the Innovation Union flagship initiative is perceived as a particularly promising proof of this.

Joint formal and informal Councils and Conclusions, a continued 'innovation task force' at Commissioners' level but also a more structured dialogue and interaction at lower Commission and Council levels are ways in which coordination can be enhanced.

Coordination should also be further developed with ECOFIN in particular to build a two-way interaction and integrate innovation considerations with the macro-economic and financial considerations.

Importantly, the Competitiveness Council should have a central role for monitoring progress with the Europe 2020 strategy. Overall steering should be provided by the European Council, but this is a two-way process: Research and Industry Ministers must liaise with their Heads of State and governments to ensure that the December European Council will lead to the bold decisions needed on research and innovation.