EU Innovation Policy: State of Play

EU – Russia Cooperation on Innovation Workshop
Antwerp, 27 April 2010

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Structure

• Current EU innovation policy approach
• Outlook on future Eu innovation policy
Current innovation policies (1)

**Finance**
Private & public sources
For enterprises of all sizes & development stages

**Market**
Internal Market & global, consumers, industry & public sector

**Knowledge**
Research, technologies, methods, Know-how, market knowledge, Patents, Copyright, etc.

**Human Capital**
Skills, Creativity, Mobility, Flexibility, Adaptability, etc.

**Innovation**
Enterprises: Product innovation, organisation, marketing, design, etc.

“Money” Triangle

Linear innovation concept

Need for finance
R&D needs
Skills needs
Consumer demand

European Commission
Directorate-General for Enterprise and Industry
Current innovation policies (2)

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**Innovation**
Product, organisational, marketing, design, Processes, Etc.

**Cluster initiatives**
(open) innovation (eco-)systems

**SME**
Entrepreneurship

**Human Capital**
Skills, Creativity, Mobility, Flexibility, Adaptability, etc.

**Human Capital**

**Research**
Research funding, IPR rules, technology transfer, university-industry networking, research infrastructure, etc.

**Education and training**
programmes, law labour & social law, immigration, etc.

**State Aid**
financial instruments, Regional development funds; taxation, investor readiness etc.

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**SME**
Entrepreneurship
Overall innovation performances are diverse

- **Innovation leaders:** Sweden, Finland, Germany, UK, Denmark
- **Innovation followers:** Austria, Luxembourg, Belgium, Ireland, France, Netherlands, Estonia, Cyprus
- **Moderate innovators:** Slovenia, Czech Republic, Portugal, Spain, Greece, Italy, Malta, Slovakia, Hungary, Poland, Lithuania
- **Catching up countries:** Romania, Latvia, Bulgaria
Regional innovation performances vary greatly

What hampers innovation?

Fragmentations despite Internal Market ...

**Finance**
- Fragmented financial market: lack of critical mass; access depends on location not on excellence of project.
- Different development levels: no level playing field; opportunities & markets missed.
- Costly & fragmented IPR protection system.

**Market**
- Internal Market EC regulatory competences: but lack of synchronisation of product etc regulation with research and innovation support.
- Fragmented educational strategies: skills needs not detected; divergence in levels & inadequate content of educational programmes.

**Knowledge**
- Fragmented research landscape: lack of critical mass + problem for excellence + sub-critical scale of EU level initiatives.
- Multitude of innovation support actors & good practices: but insufficient knowledge management & good examples not picked up enough + weak market integration for innovation relevant services.
- Technology transfer often geographically limited: global knowledge base not fully used.

**Human Capital**
- Fragmented labour markets: Human capital potential not fully used; lack of mobility; loss of excellence.
- Fragmented demand for innovative products or services (incl. public procurement) leads to lack of incentives & ROI.

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**European Commission**
Directorate-General for Enterprise and Industry
Europe 2020 Strategy:

“Innovation Union”
Europe 2020 = 3 interlinked priorities

1.) **Smart growth**: developing an economy based on knowledge and innovation

2.) **Sustainable growth**: promoting a more efficient, greener and more competitive economy

3.) **Inclusive growth**: fostering a high-employment economy delivering social and territorial cohesion
# Europe 2020: 7 flagship initiatives

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Europe 2020: delivering reforms

- 5 EU headline **targets** – translated into national ones, including 3% GDP investment in **R&D**

- Mobilising existing EU instruments:
  - Single market
  - External dimension
  - Stability and Growth Pact (SGP)
  - EU and national budgets & new financing instruments
« Innovation Union » flagship (1)

- **A broader innovation concept for bringing ideas to market:**
  - Innovative public services
  - User-centred innovation, non-research based innovation
  - Demand side policies
- **Concentrate innovation on societal challenges:**
  - 'European Innovation Partnerships'
  - Strategic research agendas
- **Create a single market for innovation:**
  - Complete the European Research Area
  - IPR, standards
  - Access to finance: Partnership with EIB Group; European venture capital market
  - Public procurement, smart regulation
- **Ensure more consistency in innovation policies:**
  - Knowledge partnerships and strengthen links between education, business, research and innovation
  - Strengthen and further develop the role of EU instruments to support innovation
  - Streamline administrative procedures
At national level, Member States will need to:

- **Reform national (and regional) R&D and innovation systems:**
  - foster excellence and smart specialisation
  - reinforce cooperation between universities, research and business
  - implement joint programming and enhance trans-national co-operation
  - adjust national funding procedures, to ensure the diffusion of technology across the EU territory

- **Education and skills**
  - science, maths and engineering graduates
  - focus school curricula on creativity, innovation and entrepreneurship & new skills

- **Prioritise knowledge expenditure:**
  - including by using tax incentives and other financial instruments to promote greater private R&D investments
« Innovation Union » : Research & Innovation Plan

• Content:
  ▪ EU actions to implement the « Innovation Union » flagship
  ▪ Indicators for innovation (to complement the research input indicator)
  ▪ Package with communication on cohesion policy and smart growth

• **September**: adoption by Commission

• **October Competitiveness Council**: discussion on research and innovation plan
Thank you very much for your attention!