

The Research and Industry Ministers want to provide Europe with an ambitious and integrated strategy with regard to innovation.

At the outcome of the joint informal meeting of the Research and Industry sections, assembled in the Competitiveness Council of the European Union, which was held this Thursday 15 July 2010 in Brussels, the Belgian Presidency wishes to highlight the following points:

1. To emerge from the crisis while still preserving our social model and a sustainable environment, we in Europe must opt for a new type of growth, where the engines of this growth are knowledge and innovation, and less the exploitation of limited natural resources.
2. In order to realize the transition towards this new European economy and the effective implementation of the 2020 Strategy, we should look for shorter paths between research and the market. This path will be taken through companies and SME's in particular.
3. This necessary evolution towards a new European economy will be accomplished by an acceleration of investments in Research, Development and Innovation. This spending has to be considered as a vital investment for the welfare of future generations.
4. This transition will be accomplished by removing a series of obstacles perceived in Europe: fragmentation, dissemination, useless competition between Member States, a difficult access to the market of venture capital especially for young innovative enterprises, flaws regarding patents, a significant shortage of researchers and qualified scientific and technical staff, as well as the issue of training and the weak innovation culture.

5. Finally the transition will be accomplished through an improved convergence between research and innovation policies conducted by Member States and the one conducted by the Union. It will also be accomplished through an improved coordination between the decision-making levels and an improved coordination between the other policies conducted by the Union. To make innovation a success in the Union, coordination between Industry and research policies needs to be improved in this regard. Indeed, it becomes more and more clear that we will not be able to face the grand societal challenges such as climate change, efficient use of energy and natural resources, demographic mutations, challenges regarding health and social exclusion ... without joining forces.

For all these reasons, the Ministers in charge of Industry and Research put great hope in the Research and Innovation Plan, of which the Commissioner for Research and Innovation, Miss Máire Geoghegan-Quinn, has confirmed its official presentation next September.

On the basis of the first elements which the Commission has disclosed regarding the content of its future Research and Innovation Plan, the Industry and Research Ministers have discussed today a series of concrete proposals:

1. Rapid improvement in the funding of Research, Development and Innovation, by means of the following reforms:

- The establishment of a European programme for the funding of high risk projects and the creation of a European Venture Capital fund capable of investing at the pre-commercial stage for companies and in particular young innovative enterprises.
- An increase in funding capacity for innovation loans available from the European Investment Bank and from the European Investment Fund for innovative projects, in particular for SME's.
- Support mechanisms for eco-innovation, notably for SME's.
- A relaxation of state aid policy. This relaxation would consist of making the current temporary authorized level for publicly funded venture capital investments in innovation a permanent one.
- Reinforce the concentration of structural funds in favour of research and innovation and an improved coordination between the different policies.
- Promote a convergence of fiscal measures and financial incentives at the European level for expenses in favour of research and innovation

(including patronage).

- Promote the exchange of best practices between Member States on funding mechanisms for innovation.

The principle of a more selective funding for Research and Innovation is possible in so far that the current level of funding in favour of basic research is maintained, or even increased. For the Belgian Presidency, this selectivity could be based on the grand societal challenges that our planet has to tackle.

Several ministers have insisted on the quality of higher education and basic research as a predominant condition for an efficient innovation system.

2. The necessary lifting of obstacles to a single innovation market. To reach this, it's appropriate to

- Unblock the European patent issue
- Develop European standardisation, in particular for electric cars and in relation to digital interoperability.
- Make better use of the leverage of public procurement in Europe (17% of GDP). It's about promoting the cross-border calls for tender for innovative products and services and provide them with a European co-funding.
- To develop specific measures for SME's: The specific role of SME's in the chain of innovation and in the European economy requires specific attention, in particular within the framework of the "Small Business Act". The success of the strategy is indeed based on an inclusive approach of SME's.
- Reinforce the valorisation of research, for example by the creation of a European Fund that facilitates access to patents.
- **Simplification:** The creation of any new instrument should only be possible by removing at least one existing instrument.

3. An integrated approach to innovation: convergence of actors and policies

The Commission has provided a series of precisions regarding the future partnerships.

It is not an additional programme but rather a reorganization of existing tools within the framework of platforms that reconcile supply and demand. Ageing, health, emission reduction in urban transport are subjects that can form a basis for the launch of the first partnerships.

The Ministers welcome favourably the principle of Partnerships, insisting on excellence and simplicity. It will be important to make sure that these future partnerships enable to tighten the University-Enterprise link.

Yet the networking on the European level of innovative clusters must be enhanced and pooling facilities should be put in place to access resources, to exchange best practices, to professionalize the management of clusters,...

To conclude it is important that the regions and local authorities are full stakeholders in the European innovation strategy.

4. Raising awareness

Innovation is not only the business of specialists. Europe needs a much bigger innovation, change and risk-taking culture, which could be accomplished through much greater confidence in our potential and a will to overcome our weaknesses. Nevertheless to achieve this, we do not only need to convince the decision makers, but also the public opinion in general and young people in particular.

Therefore we have to foster a broad vision of innovation, social and environmental innovation included, with concrete results for the citizen in terms of quality of life.

The Belgian Presidency supports in this sense the setup of a permanent European programme to raise awareness about innovation.

Creativity and entrepreneurial spirit should also be supported notably in education. The Belgian Presidency defends the project of creating an association for « European cities of innovation » and the organisation of a European convention on innovation.

5. Managing appropriately the competences of employees

The spirit of innovation requires specific attention of all parties involved from the laboratory to the company. Also companies must be vigilant in relation to anticipative management of competences of employees in order to respond to their expectations.