# Community innovation policy in a changing world

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The European Parliament adopted a resolution on the Commission's communication entitled "Community innovation policy in a changing world".

Members consider that innovation is the key to successfully meeting the EU's current grand societal and environmental challenges and realising its strategic political goals in areas including enterprise, competitiveness, climate change, employment, etc. However, Members note that the European Union will not meet its energy and climate goals for 2020 and propose that the future innovation strategy be closely linked to the EU2020 Strategy.

Moreover, research into emerging and future technologies (such as quantum technologies, ICT technologies inspired by biology and nanotechnologies) is a springboard for innovation through its impact on long-term competitiveness. It creates entirely new areas of economic activity, while encouraging new industries and high-technology SMEs.

**A broad approach to innovation**: Parliament calls on the Commission and the Member States to adopt an integrated approach to science and innovation. It advises the Commission that future EU innovation policy must be broad in scope, fundamentally embracing innovation in every form – not only technological innovation (affecting products and processes) but also administrative, organisational, social and work-related innovation, including innovative new business models and innovations in service provision, while taking account of the other two sides of the knowledge triangle (research and education).

Stressing that innovation means first and foremost novelties that address consumers" and market needs, Parliament asks the Commission, therefore, to ensure **better recognition of the primacy of consumers" demands as a driving force for innovation**. It points out that in order to counter the emergence of new forms of inequality in society, innovations should in future be measured not only in terms of their environmental and economic benefits but also by the yardstick of **social added value**. Parliament underlines the fact that strengthening entrepreneurs as the drivers of innovation in Europe is a necessary prerequisite for the effective functioning of a competitive internal market

Members join the Commission in calling on the Member States to reach agreement on the importance of using **key enabling technologies in the EU**. They stress in that regard that (i) key enabling technologies, such as microelectronics and nanoelectronics, photonics, biotechnology and nanotechnology, (ii) new materials, and (iii) new and future technologies can offer considerable potential for innovation and can contribute to the transition to a knowledge-based, low carbon economy.

The resolution stresses that **innovation must be centred on the individual** and welcomes efforts to step up the dialogue between **universities and the business world**, which is substantially helping to promote research and innovation. The Commission and the Member States are called upon to combine the roll-out of next generation digital networks and smart grids with innovation activities in order to fully reap their benefits. **Sufficient funding** needs to be provided, including from the Structural Funds. Members welcome the creation of **special innovation and enterprise belts** around universities, research institutes and scientific and technological parks and call for consideration to be given to the possibilities of creating a **uniform simplified funding and operational framework** for the new innovation belts. They also stress the central role played by SMEs both as partners in value chains and as independent providers of innovative products.

**Increasing and focusing EU financial support for innovation**: Parliament considers that the provision of adequate financial resources is vital to the development of innovation and that the EU budget for innovation should therefore be substantially increased. It calls for this to be reflected in the upcoming revision of the current financial framework and in the planning process in connection with the 2014-2020 Financial Perspective. It points out in that regard that the rules for eligibility for R&D funding regarding preindustrial and/or experimental R&D should be reviewed at the same time and calls on the Member States to increase their R&D funding in order to achieve the goal of spending **3% of GDP on R&D by 2010**. It emphasises the **importance of research and innovation funding in times of economic crisis**, as this will enhance job creation in the long run.

Members stress the importance of keeping transparency and equal opportunities in accessing funds on the basis of open calls for research proposals and they call on the Commission and the Member States to use structural funds to incentivise large scale innovation. Parliament stresses that, along with bigger budgets, it is essential to achieve a critical mass and recommends the use of public procurement for this purpose and emphasises in particular that funding should be directed to those areas where the leverage effect is greatest, such as key enabling technologies and flagship initiatives for emerging and future technologies in order to generate **added value** for Europe.

Members emphasise in that regard the need to capitalise on the synergies between the Framework Programmes for Research and Innovation and the Structural Funds. They regret that opportunities for existing synergies in funding are still not well known and call on regions and Member States to step up efforts to improve communication in that regard.

Parliament welcomes the creation of the European Institute of Innovation and Technology (**EIT**) that has been established to stimulate and deliver world-leading innovation by bringing together higher education, research and business around a common goal. It stresses the major contribution which can be made by the EIT in providing incentives for innovation programmes and the important role it can play in that respect. It urges the Commission to draw up the budget of the EIT in such a way as to ensure that the funding allocated, together with funds from other sources, can achieve the critical mass necessary in order to meet and fully investigate the essential challenges facing EU societies.

The resolution emphasises that Europe should be at the cutting edge in the development of internet technologies and ICT low-carbon applications and proposes that the EU ICT research **budget be doubled** in the next Financial Perspective.

**Improving programme governance structures**: the resolution underlines that innovation policy should be coordinated with other EU and national policies (such as industrial, environmental and consumer policy). Members regret that efforts to simplify EU research and innovation instruments have not been successful, and that procedures are still far too complex and time-consuming, which particularly hampers participation by SMEs in these programmes. It calls on the Commission to:

- investigate whether the EU aid instruments for SMEs could in future be combined under the umbrella of one Directorate-General;
- ensure that the EU regulatory framework supports innovation and that there is effective cooperation among the relevant internal services and directorates-general;
- develop **new innovation indicators** which are better suited to increasingly knowledge-based service economies.

**Encouraging private-sector financing**: Members emphasise that, alongside public funding, more stimulus must be provided for financing from the private sector. They emphasise the importance of the

better harmonisation of access to EU funds for all participants in order to improve participation by SMEs in the governance structures and activities of Joint Technology Initiatives. They call on the Commission to put forward practical measures to improve innovative companies' access to financing.

The resolution emphasises the need to create conditions whereby **risk capital will be more readily available**. In addition, they call on the relevant Member-State and EU bodies to develop proven SME financing tools such as microcredits, venture capital for people seeking to invest in innovative enterprises, business angels, loans and guarantees and to create tax, financial, business and administrative incentives for investment.

**Improving the framework conditions for businesses, especially SMEs**: Parliament calls on the Commission to **adjust the existing EU rules on state aid** so as to support investment in urgently needed new technologies and to secure the Union's long-term competitiveness and a global level playing field. It welcomes the fact that the Community framework for State aid for research and development and innovation is to be reviewed in 2010. It calls on the Commission to **eliminate red** tape by re-engineering Framework Programme processes and by creating a users' board. Members call on the relevant EU bodies to improve – especially for SMEs – the framework conditions for **protection of intellectual property**, especially patents.

Stressing that the three sides of the knowledge triangle – education, research and innovation – must not be separated, Members call for investment in **training** and further training for skilled staff not to be cut, as this investment is crucially important given the impact of innovation capacity on EU competitiveness.

Lastly, Parliament regrets the lack of a true internal market for innovations in the EU, and they call on the Commission and the Member States to coordinate their efforts in this area, notably where prompt agreement on a Community patent and a single patent court system are concerned.