Aid for innovation: sectoral aspects of the state aid action plan

2006/2044(INI) - 21/03/2006

The committee adopted the own-initiative report drawn up by Sophia in't VELD (ALDE, NL) in response to the Commission's consultation document on state aid for innovation. In its general remarks, the report said that the use of state aid to promote innovation should remain the exception rather than the rule: an instrument to correct imbalances that cannot be addressed by regular policy instruments. MEPs said that such aid should be complementary to the relevant EU policies and should have "a clear measurable added value for the immediate beneficiaries as well as a secondary impact on the broader local, regional and national economy". Lessons needed to be learned from past failures and successes in using aid to foster innovation. They added that the new EU framework should avoid very restrictive definitions and arrangements, and provision should be made for an interim review once the system was up and running.

The report welcomed the idea of transparent, non-discriminatory, practicable *ex ante* rules which would provide for legal certainty. It said that subsidies for innovation should be conditional on the characteristics of the economic sector, the market structure and the market power of the company concerned, among other factors. The committee also insisted that state aid for innovation should be temporary, granted according to rational criteria, proportionate, strictly and effectively controlled and subject to periodic impact assessments. It noted that innovative processes as such do not merit state aid, which should only be granted for innovations that cannot be financed by normal commercial means.

MEPs also stressed that SMEs were often unwilling to undertake the high risks associated with technological innovation and that they should be allocated a larger share of the aid available. They called for financial support to be given by means of risk capital for seed and start-up phases, and for such support also to be available for the post-seed phase, though this was not an optimal option and should be for the short term only.

Lastly, the committee called for greater clarity on how state aid rules apply to universities and research establishments engaged in economic activities, and recommended that these bodies should take part in regional public-private partnerships as 'innovation intermediaries'.