

# Putting knowledge into practice: A broad-based innovation strategy for Europe

2006/2274(INI) - 13/09/2006 - Non-legislative basic document

**PURPOSE:** the presentation of a report on “Putting knowledge into practice: A broad-based innovation strategy for the EU”.

**CONTENT:** the purpose of this Communication is to present a broad based innovation strategy for Europe that translates “knowledge” investments into products and services. One objective of the strategy is to take innovation forward on all policy areas which have a bearing on innovation. The report has also been designed to help frame policy discussion on innovation at both a national and European level.

In addition, the report outlines the most important planned or on-going initiatives in the Community; it identifies new areas for action and it introduces a more focused strategy to facilitate the creation and marketing of new innovative products and services in promising areas – the “lead markets”. To implement the broad agenda, the Communication does not propose the creation of new structures. Rather it seeks to build on existing legal and institutional frameworks designed within the context of the renewed Lisbon partnership for Growth and Jobs.

One reason why the EU innovation potential has not been fully exploited, argues the Commission, are persistent deficiencies in framework conditions and in the persistent under-estimation of innovation as an important and valuable aspect of society. The following conditions need to be met if the EU is to become more competitive:

- **Education:** Without education as a core policy, innovation will remain unsupported.
- **Lack of appropriate skills:** The Commission identifies a lack of skills in the field of science, engineering and ICT. This is a problem not just for the new Member States but also for the old Member States such as Austria, Germany, Italy, the Netherland and Portugal.
- **Researcher mobility:** In order to address shortcoming in researcher mobility, the Commission suggests the implementation of a European strategy, developed by both the Community and the Member States, to create an open, single and competitive labour market for researchers with attractive career prospects.

Areas where the Community could do more to enhance innovation include:

- **Using the potential of the internal market:** Barriers continue to persist within the internal market, which hampers mobility and deprives businesses of the chance to capitalise on their investments in research and innovation. As a result the Commission is carrying out an urgent review of the internal market. Special attention will be given to the service sector. The global promotion of EU norms and standards is a further priority. Such a policy could offer a decisive “first mover” advantage to European companies.
- **Enhancing the regulatory environment and ensuring an effective IPR framework.** Innovation requires a regulatory environment that is predictable, accommodates and even encourages new development in goods and services, protects intellectual property and provides open, interoperable

standards. To further this objective, the Commission proposes to improve the institutional framework of European standardisation as well as encouraging policy makers to take account of “innovation” in the preparation of legislation.

Of equal importance is the need to protect intellectual property. One priority, therefore, must be the establishment of affordable patent procedures that balance cost with quality and legal certainty. The Commission remains convinced that the adoption of a “cost-effective” Community patent is a very important step. Better enforcement of IPR on foreign markets is equally crucial if European companies are to be better protected.

- **Promoting co-operation between stakeholders:** Being part of a cluster is an important competitive strength for businesses. Clusters also help to close the gap between business, research and resources thereby bringing knowledge to the market faster. “Cluster” policies are therefore supported both at a national and a Community level.
- **Financial boost to research and innovation:** The 7<sup>th</sup> framework programme is expected to boost the funding of collaborative research in Europe between 2007 and 2013. Further, the establishment of the European Research Council will put a premium on competition by channelling funds at an EU level to ground-breaking research.
- **Setting an example:** The public sector must lead the way by adopting innovative approaches and exploiting new technologies and procedures in public administration.

To facilitate a new innovation strategy, the Commission is proposing to launch a new “lead-market initiative”. This will help in the creation and marketing of new innovative products and services in promising areas. The idea being to identify areas where the removal of barriers could contribute to the competitive process and thus lead to the emergence of new markets. In concrete terms, a systematic and prospective approach should be used to look at all policy instruments available by using them in a combined way. This would, however, require a concerted approach between the Member States and the Community whilst taking due account of similar initiatives in the Member States.

One example, quoted in the report of an “innovation friendly lead market” could be an “intelligent, near-zero energy building.” The concept of an intelligent, near-zero energy building offers the prospect of an entirely new, technology-intensive, European market with obvious world-wide export potential.

To conclude the report, the Commission sets out ten actions, which are of particularly high political priority:

**Action 1:** Member States are invited to increase the share of public expenditure devoted to education and to promote an “innovation” friendly education system.

**Action 2:** The establishment of the European Institute of Technology.

**Action 3:** The Community and Member States should develop and implement a strategy to create an open single and competitive European labour market for researchers with attractive career prospects and incentives for mobility.

**Action 4:** The preparation of a Commission Communication on the promotion of knowledge transfer between universities and other public research organisations and industry.

**Action 5:** Mobilisation of the cohesion policy in support of regional innovation.

**Action 6:** A new framework for state aid to research, development and innovation by the end of 2006.

**Action 7:** The presentation of a new patent strategy before the end of 2006 and the presentation of a comprehensive IPR strategy before the end of 2007.

**Action 8:** Promoting the use of digital products, services and business models. The Commission will bring forward an initiative on “copyright levies” before the end of 2006.

**Action 9:** The testing of a new strategy on the emergence of innovation friendly lead markets.

**Action 10:** The publication and distribution of a Handbook on how pre-commercial and commercial procurement can stimulate innovation by the end of 2006.