

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

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The Council welcomes the Commission Communication "Putting knowledge into practice: a broad-based innovation strategy for the EU" and the Commission's Communication "An innovation-friendly, modern Europe". It considers that:

- support for innovation is an essential part of the Lisbon Strategy for Growth and Jobs, and it merits an ongoing position on the EU's competitiveness agenda;
- public policies should be designed in a way that creates a strong incentive for innovation.
- Innovation policy should be best understood as a set of instruments;
- a Single Market, competition and a regulatory framework based on clear and consistent rules constitute the prerequisites for a broad-based innovation strategy;
- within the framework of the Lisbon National Reform Programmes, the specific circumstances in Member States call for comprehensive, yet tailored, innovation policy measures at national level;
- the Community financing in support of innovation (notably the Seventh Framework Programme for Research and the Competitiveness and Innovation Framework Programme (2007-2013)) and the specific innovation support initiatives financed by the Commission are important elements of the broad-based innovation strategy;
- innovation policy typically addresses horizontal issues, consisting of various public policies, thus requiring effective governance;
- a common view on innovation enhances the Union's external competitiveness and helps position the Union as the global leader in terms of reaping the new opportunities brought
- by globalisation and technological change;
- the newly adopted Community Framework for State aid for R&D and innovation should enable Member States to better target their existing support budgets to innovation activities in a coherent manner.

In view of the above, the Council stresses that efficient support for innovation is an integral part of the Lisbon Process; thus joint action is required at European level. Therefore, implementation of a broad-based innovation strategy necessitates defining the following **strategic priorities** at EU level:

Intellectual Property Rights – IPR: an effective IPR framework at European level is essential for innovation. Regarding patents, the Council invites the Commission to present its Communication on patents, which will be based on ongoing consultations, as soon as possible. The Council will respond to the Commission's initiatives in due course.

Creating a pro-active standard-setting policy: the Commission should work out by September 2007, based on on-going efforts and in consultation with the industry, including SMEs, and all other relevant stakeholders, proposals for action to be taken by appropriate bodies, for reforming and streamlining the system. Attention should be paid in particular to reassessing the working methods and the overall resources of the standardisation organisations as well as to analysing the role of standardisation in research and new fields of technology. The Council invites the Commission and Member States to investigate how to further integrate standardisation aspects into European and national RTD projects. The Commission is also invited to report on ways to reinforce the uptake of standards. The Council will return to this topic by November 2007 to take stock of progress, and decide on the next steps.

Making public procurement work for innovation: the Council looks forward to the Commission's guidance, expected by December 2006, on how the EU rules on public procurement can be used to stimulate innovation. The Council will return to this issue by November 2007 to discuss the Commission's response and to decide on eventual further action.

Launching Joint Technology Initiatives (JTI's): the Council invites the Commission to make, by February 2007, proposals for the setting up of Joint Technology Initiatives that have reached an appropriate stage of preparedness. The Council will undertake to make a decision on those proposals as early as possible. Proposals on other areas should follow as soon as possible. The Council also urges in this context industry to make appropriate commitments for financing of the JTI's while ensuring that participation in projects is open to a wide range of participants throughout Europe, in particular SMEs.

Boosting innovation and growth in lead markets: the Council invites the Commission to present during 2007 an initiative on lead markets, based on a broad stakeholder consultation for defining a valid approach for fostering emergence of markets with high economic and societal value. This would include identifying areas where concerted action through key policy instruments and framework conditions, coherent and coordinated policy making by relevant public authorities as well as enhanced cooperation between key stakeholders can speed up market development, without interfering with competitive forces. Potential for lead markets could be assessed, inter alia, in areas such as low carbon technologies, eco-innovation, e-health, intelligent transport systems, digital content, energy efficiency, bioenergy/biotechnology, nanotechnology, satellite navigation and earth observation, security, ICT and marine technologies, including mineral resources. The Council will undertake to conclude the discussions on the initiative by February 2008.

Enhancing closer co-operation between higher education, research and business: the Council welcomes the Commission's proposal on the establishment of the EIT. The Commission is invited to clarify the outstanding issues, in particular, the budgetary implications of establishing the EIT. The Council will endeavour to conclude the discussions on the proposal in co-decision with the European Parliament in good time with a view to having the EIT operational as soon as possible in the context of the Lisbon process. The Council also invites the Commission to present the announced Communication on knowledge transfer, including guidelines for public authorities, public research centres and industry, aimed at enhancing knowledge transfer between the public and private sectors across Europe.

Helping innovation in regions: the Council welcomes the Commission's initiative of the European Cluster Alliance aiming at stimulating practical cooperation between regional governments. The Commission is in this context invited to prepare by April 2007 an analysis on how to promote the transnational dimension of clusters. The Commission is also invited to provide expert assistance on using structural funds for promoting innovation. The Council will return to these issues, and consider next steps by November 2007.

Developing a policy approach to innovation in services and to non-technological innovation: the Council invites the Commission to prepare by April 2007 an overall assessment on innovation in services evaluating e.g. the related needs for policy adjustments, where appropriate. The Commission is also invited to take into account the various forms of non-technological innovation. The Council will discuss the assessment by June 2007, and decide on eventual next steps.

Risk capital markets: The Council invites the Commission to continue its efforts to improve businesses' access to appropriate innovation finance, inter alia, by identifying, in co-operation with the Member States, obstacles to cross-border investment by venture capital funds. The Commission is also invited to study further the conditions for early stage venture capital investment in the EU with a view to future policy initiatives for SMEs. The Commission should prepare a report on the cross-border obstacles and present it to the Council by November 2007.

Lastly, the Council invites the Commission to integrate these Strategic Priorities as part of the Community Lisbon Programme and to report on their progress as part of its Annual Progress Report, analysing in particular the complementarities between national and EU level action. In this context, special emphasis should be on systemic benchmarking of innovation policies at EU level against those followed elsewhere in the world, including of public funding measures for research, development and innovation.