

Brussels, 13th September 2006

Ten priority actions to achieve a broad-based innovation strategy for the European Union.

The aim of the Communication is to present “a broad based innovation strategy for Europe that translates investments in knowledge into innovative products and services”. The Communication proposes a 10 point programme for immediate action to make the business environment more innovation-friendly. In the following the aims and expected results of these 10 actions are described.

The ten priority actions aim to:

Overview

- Action 1: **Establish innovation-friendly education systems**
- Action 2: **Establish a European Institute of Technology**
- Action 3: **Work towards a, single and attractive labour market for researchers**
- Action 4: **Strengthen research-industry links**
- Action 5: **Foster regional innovation through the new cohesion policy programmes**
- Action 6: **Reform R&D and innovation state aid rules and provide better guidance for R&D tax incentives**
- Action 7: **Enhance intellectual property rights protection (IPR)**
- Action 8: **Digital products and services – initiative on copyright levies**
- Action 9: **Develop a strategy for innovation friendly “lead Markets”**
- Action 10: **Stimulate innovation through procurement**

Action 1: **Establish innovation-friendly education systems**

Member States should reconsider their education systems with a view to identify and tackle obstacles to promoting an innovation friendly society. In particular, they should implement the recommendations included in the Communication “Delivering on the Modernisation Agenda for Universities” for better education and innovation skills (see [IP 06/592](#))

I. This action should:

- Incite Member States to adapt their education systems and school curricula to promote creativity and to provide the necessary skills for a knowledge-based society
- Create the necessary conditions to provide incentives for structured partnerships of universities with the business community (including SMEs)
- Increase the relevance of education programmes through placements in business of students and participation of business staff in education
- Ensure that entrepreneurial, management and innovation skills development become an integral part of graduate education, research training and lifelong learning strategies for university staff
- Credit-bearing internships in industry should be integrated in curricula. This embraces all levels of education and training, namely short cycle, Bachelor, Master and doctoral programmes
- Be implemented by the Member States and universities.

II. As a result it will:

- **improve the career prospects of researchers at all stages** of their career by adding entrepreneurial skills to scientific expertise, notably as regards IPR and innovation management, communication, networking, entrepreneurship and team working
- speed-up the **integration of graduates in the labour market**, reducing unemployment, increasing EU universities attractiveness and fostering brain circulation;
- increase the **efficiency of the innovation system** in Europe, improving the use of knowledge and the sharing of research results, intellectual property rights, patents and licenses
- enhance the impact of **university-based research on SMEs** and regional development notably through the creation of local “clusters for knowledge creation and transfer” or business liaison, joint research or knowledge transfer offices.

Action 2: **Establish a European Institute of Technology**

A European Institute of Technology should be established to put innovation at the heart of the knowledge triangle. The Commission intends to put forward a proposal in October 2006.

I. This action should:

- **pool together the best European students and researchers** to work side by side with business in the development and exploitation of knowledge and research;
- **train researchers in new technological areas** and enhance their entrepreneurial and innovation management skills;
- generate innovative solutions in **inter-disciplinary areas** that address key technological challenges in a long-term perspective;
- be implemented by the Member States, the EU as well as interested universities, research organisations and companies.

II. As a result it will:

- lead to **commercial advantages** with a major impact on Europe's competitiveness;
- provide a **reference model** for the integration of educational, research and innovation activities at the European level to inspire notably the **modernisation of universities**;
- **(re-)attract the best talent worldwide** and contribute to counter the brain drain of Europe's talented students and researchers;
- **move forward Europe's skill base** and technological prowess in technological areas of crucial future markets;
- **entail new business opportunities** for companies in technological world-wide markets of the future;
- improve the **capacity of the European innovation system** to respond better and quicker to main societal needs.

Detailed information on the European Institute of Technology can be obtained at http://ec.europa.eu/education/policies/educ/eit/index_en.html.

Action 3: **Work towards a single and attractive labour market for researchers**

Develop and implement a strategy to create an open, single, and competitive European labour market for researchers, with attractive career prospects.

I. This action should:

- Give **individual researchers the same rights and obligations** wherever they may work throughout the European Union
- **Counter the impact on careers of the fragmentation of research careers** at local, regional, national or sectoral level;
- **Removing obstacles to university-industry researcher mobility**, addressing notably the transferability of pension rights and the recognition of mobility as a positive element in career progression
- Ensure that **criteria for merit assessment for researchers** are not just measured on the number of publications but on a wider range of evaluation criteria, such as knowledge transfer, teaching, supervision, teamwork, management and public awareness activities
- Be implemented both by the Member States and the Community.

II. As a result it will:

- Contribute to a **better allocation of high qualified staff throughout Europe** and sectors, by facilitating the mobility of researchers within Europe and from University to Industry, as well as the entry of third country researchers, as well as by increasing the effective inter-sectors and inter-disciplines mobility of researchers
- Contribute to the **efficiency of the innovation system** in Europe, by developing among researchers and engineers a culture encouraging the use of knowledge and the sharing of research results, intellectual property rights, patents and licenses, through the recognition of experience in this field as well as through the exchange of best practices.
- Increase the **attractiveness of Europe for highly qualified staff** and help reducing the brain drain, thus contributing to a sound development of the knowledge economy in Europe.

Action 4: **Strengthening research-industry links**

In order to address the poor up-take of publicly-funded research results in Europe, the Commission will adopt a Communication in 2006 - including voluntary guidelines and actions of Member States and concerned stakeholders - to promote **knowledge transfer between** universities and other **public research organisations** with industry.

I. This action should:

- Contribute to the **removal of administrative barriers** which affect knowledge transfer (including mobility) between the public research base and industry;
- **Encourage researchers' interaction with industry** and their activities related to patenting, licensing and spin-off creation;
- **Increase the public resources available for knowledge transfer activities** including training;
- Encourage the adoption of **additional incentives for industrial research** performed with public research organisations.
- Be adopted by the Commission in 2006. Public authorities and industry are invited to adhere, when working together, to the basic principles which will be outlined in the forthcoming communication and implement the actions proposed;

II. As a result it should:

- Bring closer research organisations and industry and facilitate their cooperation;
- Lead to new rules and legislation fostering the research-industry links across Europe;
- Increase public sector researchers' interaction with industry as well as the number of patents and spin-offs created;
- Increase the quality of knowledge transfer services in Europe.

More information

http://ec.europa.eu/invest-in-research/coordination/coordination01_en.htm

Action 5: Foster regional innovation through the new cohesion policy programmes

The EU's **cohesion's policy** for the period 2007-2013 will be mobilized **in support of regional innovation**. The new cohesion policy programmes of the Member States for the period 2007-2013 should seek to ' earmark' a large proportion of the 308 billion euros available for investing in knowledge and innovation. It will be important that all Member States set ambitious targets in this field.

I. This action should:

- facilitate the **implementation of the Lisbon National Reform Programmes**. Actions, measures and targets set in the National Reform Programmes further promoting innovation should be integrated in the National Strategic Reference Framework and in the 2007-13 Operational programmes of the Member States;
- further strengthen **regional efforts for trans-national cooperation** by developing new partnerships and alliances between regions for innovation following a triple helix approach involving public, research, and private organisations
- be implemented by the Member States in association with the regions concerned.

II. As a result it will:

- contribute **to increase regional cohesion** in Europe. 82% of the total amount of € 308 billion allocated to cohesion instruments will be concentrated on the "Convergence" objective;
- contribute **to the regional development**, making regions more attractive, innovative and competitive places to live and work. 16% of the Structural Funds will be concentrated to support innovation, sustainable development, better accessibility and training projects under the "Regional Competitiveness and Employment" objective;
- increase **regional cooperation** in Europe, making EU regions more open to the global market. 2.5% will be available for cross-border, trans-national and interregional cooperation under the "European Territorial Cooperation" objective;
- contribute to the implementation of the **Lisbon objectives**. In the case of the "Convergence" objective, the target is 60%, and in the case of the "Regional Competitiveness and Employment" objective, the target is 75% of the total available funding, which needs to be " earmarked" for interventions supporting, e.g. research and innovation, the information society and sustainable development.

Action 6: **Reform R&D and innovation state aid rules and provide better guidance for R&D tax incentives**

A new framework for **State aid to research, development and innovation** will be adopted before the end of 2006 (http://ec.europa.eu/comm/competition/state_aid/others/action_plan/cdsai_en.pdf), which will enable Member States to better target State aid on market failures preventing the provision of risk/venture capital to research and innovation activities. The Commission will also present a communication later in 2006 with detailed **guidance for the design and evaluation of tax incentives for R&D**.

I. This action should:

- Open up for **aid or tax incentives in new areas** such as young innovative start-ups, process and organisational innovation, and innovation clusters.
- Introduce a series of appropriate instruments for **better targeted State aid**, and guidance on good practice.
- Modernize and widen the rules for State aid, and **bridge the gap in rules between aid for R&D and aid for innovation**.
- Analyse **good practices and provide guidance** in the domain of tax incentives
- Be enforced by the Commission and adhered to by the Member States.

II. As a result it will:

- Provide Member States **with a greater scope for well designed aid to enterprises**, and increase the legal certainty, by clarifying the rules for State aids and tax incentives and provide an update of tax incentives
- **Address market failures** relating to innovative activities in European business and encourage growth of innovative European enterprises especially young ones and SMEs
- Ensure that State resources are used where they have a **substantial incentive effect**, taking into account business specificities
- Contribute to achieve the **Barcelona objective of 3% of GDP investment in research**, in particular for the share expected in business R&D, as well as to closing the gap in terms of Europe's innovation performance.

Draft memorandum on the Community Framework on State aid for research and development and innovation (R&D&I).

See: http://ec.europa.eu/comm/competition/state_aid/others/action_plan/rdi_en.pdf

Action 7: **Enhance intellectual property rights protection (IPR)**

The Commission will launch a common, integrated and affordable **IPR strategy**, that balances the protection of right holders and that facilitates the circulation of innovative ideas. As an important step, the Commission will present a new patent strategy before the end of 2006 establishing affordable patent procedures that balance cost with quality and legal certainty

I. This action should:

- lead to **improvements in the patent system** and its procedures;
- adapt the copyright *acquis* to the new digital markets;
- create **more synergies between Commission policies** in the field of IPR;
- improve **awareness of the practical aspects** and benefits of intellectual property protection in the innovation community;
- facilitate **enforcement of IPR on foreign markets**;
- be implemented by the Commission and the Member States.

II. As a result it will:

- make the **IPR system future proof** by improving access and accommodating new economic developments, for example in the digital services sector, thereby allowing new economic activities to be deployed;
- stimulate the **development of new products**, services and business models in the digital services sector;
- increase **SMEs' use of the IPR system** due to higher awareness and improved support services;
- lead to better **enforcement of companies' IPR on foreign markets**, especially of SMEs;
- lead to inventions and creations being well protected and **provide incentives to invest in innovation**.

Action 8: **Digital products and services – initiative on copyright levies**

In 2004, the Commission launched a comprehensive review of copyright legislation to ensure that it remains appropriate. This review includes the application of Directive 2001/29/EC, and the provisions which allow Member States to provide an **exception for legal acts of private copying**, provided that rights-holders are offered fair compensation. In those Member States that provide for such an exception (five Member States do not), compensation is offered to rights-holders by way of 'levies' on blank media and/or recording equipment¹.

The Commission will bring forward an initiative to improve this system by the end of 2006.

I. This action should:

- Rapid technological change has opened up new possibilities for the protection and distribution of protected works. In light of this change the Commission's initiative will seek to bring **greater efficiency, clarity and transparency** to how the system of providing 'fair compensation' to rights-holders operates.

II. As a result it will:

- A more efficient, transparent and clear system is in the interests of all concerned – rights-holders and their agents, business, and, importantly, consumers.
- From an innovation perspective, an improved regime should assist ICT companies and equipment producers in bringing new and innovative products and services to market, including on a cross-border basis. Many business operators believe that uncertainty regarding the application of levies to new products currently impedes their development and roll-out.

Background documents – including contributions from Member States and the questionnaire for the stakeholder consultation are available on DG Markt's website - http://ec.europa.eu/internal_market/copyright/levy_reform/index_en.htm

The Directive concerned is 2001/29/EC of 22 May 2001 on "the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society".

¹ The scope and extent of copyright levies vary from Member State to Member State. Designed in an analogue era – when they were applied e.g. to cassette tapes and decks – they have increasingly been applied to new media, including blank CDs and DVDs, and equipment, including MP3 players, PCs and printers.

Action 9: **Develop a strategy for innovation friendly “lead markets”**

A comprehensive strategy to facilitate the emergence of innovation friendly "lead-markets" will be prepared. In preparation for this strategy, the Commission will undertake a detailed analysis of potential barriers to the take-up of new technologies, in particular in areas of public interest. As a first step, this concept will be tested in 2007 by applying it in a pilot phase to a limited number of areas.

This can be illustrated by the **example of eco-innovation** as an area, which may offer a number of business opportunities while responding to our citizens' fundamental concerns. The pull of eco-innovation can be enhanced by environmental policy, notably through the development of market-oriented instruments. For example, a mechanism could be put in place whereby the current **“best performance” in the market for a given set of products could become the reference standards** within a certain time-frame to encourage other enterprises to adapt to it. Eco-innovation can also be promoted by supporting research and enterprises cooperation in promising areas, such as construction, water-management, bio-industries, carbon capture and storage or recycling. In this context, the concept of an “intelligent, zero energy, building” offers the prospect of a new, technology intensive, European market with obvious world-wide export potential if timely action is taken on standardisation and regulation. The **European Construction Technology Platform** has already brought together, under industry leadership, architects, engineers, and key technologists to develop a research agenda and is examining demand issues.

I. This action should:

- build on an **identification and analysis of technology areas** from which new, knowledge-intensive, high growth markets could emerge which respond to societal demands and where public authorities can play a critical role;
- use combinations of innovation and related policy instruments to remove obstacles to, stimulate demand for, and **promote EU world-leadership** in such specific emerging markets;
- use **input from the European Technology Platforms** and the Europe INNOVA initiative, among others;
- be implemented by Member States and the Community.

II. As a result it will:

- help to **provide the conditions for European firms to attain world-wide competitive advantage** by fostering global-leadership of EU markets for knowledge-intensive goods and services;
- enhance the **generation of high added-value employment in Europe** in sectors serving these markets;
- **accelerate the satisfaction of citizen demands in EU-wide areas** of public concern such as quality of life, mobility or security.

For the **Europe INNOVA** initiative, please see: <http://www.europe-innova.org>

For the European Technology Platforms: <http://cordis.europa.eu/technology-platforms>

Action 10: **Stimulate innovation through procurement**

A Handbook on stimulating innovation by pre-commercial and commercial procurement will be published by the Commission by end 2006 to support Member States in availing themselves of the opportunities offered by the new procurement Directives.

I. This action should:

- raise the Contracting Authorities' awareness of their possibilities to foster innovation through procurement;
- provide guidance on how Contracting Authorities can become "intelligent customers" and use the opportunities offered by the new legal framework;
- be implemented by the Commission and the Member States.

II. As a result it will:

- **lead to better market uptake of innovative products** and services in markets where the public sector is a significant purchaser, while raising the quality of public services at the same time;
- **stimulate development of technologically innovative solutions** that address problems of public interest for which solutions are not commercially available through pre-commercial procurement;
- improve the **transparency of public procurement markets** by Contracting Authorities providing advance information on potential future purchases to enterprises;
- **improve access of new products and services of enterprises**, in particular SMEs to public procurement markets by Contracting Authorities engaging in a dialogue with enterprises on potential new solutions for the governments' problems.