



European Economic and Social Committee

INT/545
Innovation Union

Brussels, 15 March 2011

OPINION

of the
European Economic and Social Committee
on the

**Communication from the Commission to the Council, the European Parliament,
the European Economic and Social Committee and the Committee of the Regions:**

Europe 2020 Flagship Initiative - Innovation Union

COM(2010) 546 final

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On 6 October 2010, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Europe 2020 Flagship Initiative - Innovation Union
COM(2010) 546 final.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 March 2011.

At its 470th plenary session, held on 15/16 March (meeting of 15 March), the European Economic and Social Committee adopted the following opinion by 184 votes to one with two abstentions.

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1. **Summary**

- 1.1 Innovations lead to progress, growth, prosperity, social security, international competitiveness and employment. They must help us to overcome the great challenges facing society. They require and reinforce a social climate of confidence and self-belief that can generate further progress and a constructive dynamic with which to take on global competition. To flourish, they need a European approach and a European single market, in which the European Research Area with a powerful R&D Framework Programme plays a key role.
- 1.2 Accordingly, the Committee expressly welcomes and supports the Commission's Communication and its aims, as well as the related Conclusions of the Competitiveness Council of 25-26 November 2010 and 4 February 2011. The concept of the Innovation Union is an essential element of the Europe 2020 Strategy.
- 1.3 The Committee welcomes in particular the fact that innovations are understood and defined in terms of their broader ramifications – in other words, that they span not only research, technology and products, but also all human interactions and kinds of organisations, including social services, business practices and models, design, branding and services, as well as the diverse interplay between them. With respect to social innovations, the Committee is also in favour of consulting the social partners.
- 1.4 The Committee supports the concept of innovation partnerships if – based on well-defined governance – they are made compatible with and build on processes and instruments already initiated, and if they are in line with streamlining and simplification of administrative procedures. It recommends gaining experience by starting with the particularly desirable

Innovation Partnership on Active and Healthy Ageing. This would also serve as a good example of the combination of social and scientific/technological innovation.

- 1.5 The Committee recommends adapting support measures, funding, and performance criteria to – on the one hand – the more incremental innovations which respond to prevailing market forces and societal needs and – on the other – more revolutionary innovations which shape market forces and create new societal needs, but often have to overcome a difficult barren period at the beginning.
- 1.6 In view of the pressing need for a European Community Patent, the Committee warmly welcomes and strongly supports the recent proposal by the Commission which would make it possible to drastically reduce the cost of patents in participating Member States and to take a decisive move forward on the path to the ultimate goal of an EU Community Patent.
- 1.7 The Committee emphasises the important role of SMEs and micro-enterprises in the innovation process and recommends tailoring support and measures to their specific demands in particular. It furthermore recommends considering whether and how start-ups could be exempted for an appropriate period from most of the otherwise normal procedures and regulations and whether further special incentives might be introduced. The same applies to social economy enterprises.
- 1.8 The essential political task is to create reliable, innovation-friendly Europe-wide boundary conditions and frameworks with sufficient leeway, thus relieving potential inventors and innovation processes of the burden of the present fragmentation and overloading of regulatory frameworks and bureaucracies diversified across 27 Member States plus the Commission. The discouragement and delays that this causes in turning good, new ideas into actual innovations is one of Europe's drawbacks in global competition and must be removed as a matter of urgency. This is why we need a mindset that sees progress and innovation not as a risk, but as an opportunity and a necessity that must be advanced and achieved with all the means that society has available.
- 1.9 The Committee therefore recommends concentrating much more effort on removing any obstacles opposing or hindering the swift introduction of innovations and the creation of an Innovation Union. While the Committee is pleased to see the opportunity for serious progress on the patent issue, most of what remains concerns those obstacles which also prevent a completion of the Single Market and the European Research Area. Do not give up simplifying, harmonising and providing reliability and leeway! The Committee welcomes the Commission's evident efforts in this direction in its recently published Green Paper¹, on which it will issue a separate opinion. However, the Committee also – and above all – appeals to the Member States and civil society stakeholders to embrace this task and make their contribution to the solution.

¹ COM(2011) 48 final, 9.2.2011.

2. **Gist of the Communication**

- 2.1 In the framework of the Europe 2020 Strategy, the Commission proposes an overall concept called Innovation Union as one of seven flagship initiatives. In this initiative, the EU should take collective responsibility for a strategic, inclusive and business-oriented research and innovation policy in order to tackle major societal challenges, raise competitiveness and generate new jobs. This complements other flagship initiatives such as the one on industrial policy, which aims to ensure a strong, competitive, and diversified manufacturing value chain, with particular emphasis on small and medium-sized enterprises.
- 2.2 The various actions to be taken are outlined in a ten-point list, which includes measures in the areas of strengthening the knowledge base, getting good ideas to market, maximising social and territorial cohesion, leveraging policies externally, reforming and measuring the research and innovation systems, and installing European Innovation Partnerships.
- 2.3 In order to achieve these goals, the Communication puts forward a 34-point programme – the main body of the text – outlining the obligations of the Member States and the measures planned by the Commission.
- 2.4 Three annexes address the following subjects and put forward the following measures:
- Features of well performing national and regional research and innovation systems
 - Performance scoreboard for research and innovation
 - European innovation partnerships.

3. **General comments**

- 3.1 **Relevance of the subject.** Innovations lead to progress, growth, social security, prosperity, international competitiveness and employment. They must help us to overcome the great challenges facing society. They require and reinforce a social climate of confidence and self-belief that can generate further progress and a constructive dynamic with which to take on global competition. The concept of the Innovation Union is therefore an essential element of the Europe 2020 Strategy, which is of key importance for Europe's future. It should also help to achieve the objective that the EU set itself in the Lisbon Strategy: "[S]pending 3% of EU GDP on R&D by 2020 could create 3.7 million jobs and increase annual GDP by close to EUR 800 billion by 2025." Consequently, even at a time of budget constraints, the EU and the Member States must invest more in education, R&D and innovation.
- 3.2 **Innovation and its ambit.** Innovation, in its full scope, refers to all social, economic, educational, scientific, technical, workplace and organisational levels, cultural aspects and activities. The enlarged concept of innovation includes product, service, technical, social and functional activities in all sectors and in all kinds of organisations, including companies,

voluntary organisations, foundations and public sector organisations. Innovations are not necessarily the consequence of a linear process, but derive from the networking and interplay of various initial positions; in other words, they develop and prosper in a sound economic and social ecosystem out of a combination of different approaches and competencies.

3.3 **Council working groups on competitiveness and research.** It is therefore important that the Council working groups on competitiveness and research act together and come to a joint conclusion, in line with related policy areas such as industrial policy, education, energy and the information society, plus a strong connection with other flagship initiatives, especially those concerning education, training and employment.

3.4 **Overall endorsement and support.** Accordingly, the Committee welcomes and broadly supports the Commission's Communication and its aims, as well as the related Conclusions of the Competitiveness Council of 25-26 November 2010 and 4 February 2011.

This holds in particular for:

- establishing a definition of innovation² that covers science and technology but also business and organisational models and processes, design solutions, brands and services;
- tackling unfavourable conditions, removing obstacles, simplifying processes, facilitating European cooperation;
- involving all relevant players and all regions in the innovation cycle;
- enlisting public procurement as an additional significant potential for innovations;
- making full use of European regional and structural funds to develop research and innovation capacities;
- making full use of the European social fund to support social innovations;
- facilitating access by SMEs and micro-enterprises to the framework programme and finance;
- promoting excellence in education and skills development;
- promoting universities towards world-class level;
- making the European Research Area a reality by 2014; promoting open, top-flight and attractive research systems;
- creating a single innovation market;
- reaching agreement on the EU Community Patent;
- overcoming the social challenges.

3.4.1 **Focus of the opinion.** The Communication is too wide-ranging for every aspect of it to be dealt with here. This opinion will therefore mainly address those points which deserve special emphasis or need further clarification. However, this should not distract from the Committee's

² COM(2009) 442 final, 2.9.2009.

essential endorsement of the overall objective and of many of the individual measures proposed.

- 3.5 **Including processes and successes to date.** The Communication contains new elements and proposals, and forges links with the different policy areas, thus aiming for a holistic and consistent policy. However, many of the status analyses and targets cover problems and objectives that have been addressed by Communications (COM), Opinions (EESC) and Council Decisions (e.g. the Ljubljana Process) for quite some time. Moreover, comprehensive measures and processes have already been initiated³. These should be more clearly taken into account, taken further and acknowledged so as not to diminish but rather exploit and build upon what the Commission and the other stakeholders have achieved so far. The proposed new measures and instruments should be harmonised with processes already under way, additional complications and duplications should be avoided, and the necessary continuity, legal reliability and stability respected⁴.
- 3.6 **Streamlining.** Consequently, the newly proposed measures, such as innovation partnerships (see point 4.4), should create added value when compared with existing measures. This means that research and innovation funding instruments need to be harmonised and streamlined (see point 3.8.2) and access to programmes simplified, while excellence is preserved as the guiding criterion. Research results should be made more accessible and more widely available, i.e. through improving the transfer of knowledge and know-how⁵ (see also point 3.8.3 and footnote 12).
- 3.7 **Providing for leeway.** The ideas, concepts and discoveries forming the breeding ground for innovations are by their very definition unpredictable. This is why sufficient leeway, with stimulating and reliable boundary-conditions, is required in order for them to flourish and for innovations to emerge; freedom, development and recognition are the foundations for creativity and innovation, together with independent action, entrepreneurship and a willingness to take and accept risks. The main political task is therefore to provide an

3 Innovation has been covered extensively in the Aho Report (Report of the Independent Expert Group on R&D and Innovation following the Hampton Court Summit and chaired by Mr Esko Aho, January 2006, EUR 22005) and in the opinion on *Investment in Knowledge and Innovation (Lisbon Strategy)* (OJ C 256, 27.10.2007, p. 17). A coordinated approach by the Member States and partnership-based measures are the subject of the Ljubljana Process (RECH 200 COMPET 216 - "The Ljubljana Process is an enhanced partnership between the Member States, associated countries, stakeholders and the Commission to make European research more effective."), numerous ERA-NET initiatives (under Article 181), "Joint Technology Initiatives", the KICs of the EIT (Knowledge and Innovation Communities of the European Institute of Innovation and Technology), "Joint Programme Planning" and the EESC opinion on the *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards joint programming in research: Working together to tackle common challenges more effectively* (OJ C 228, 22.9.2009, p.56). The EESC opinion on *Cooperation and transfer of knowledge between research organisations, industry and SMEs – an important prerequisite for innovation* (OJ C 218, 11.9.2009, p. 8) deals with cooperation between research and industry. The EESC opinion on *Communication from the Commission to the Council and the European Parliament: A strategic European framework for international science and technology cooperation* (OJ C 306, 16.12.2009, p. 13) refers to international cooperation and its opinion on *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Simplifying the implementation of the research framework programmes* (OJ C 48, 15.2.2011, p. 129) addresses simplification.

4 OJ C 48, 15.2.2011, p. 129.

5 OJ C 218, 11.9.2009, p. 8 (point 1.2).

innovation-friendly economic and social eco-system, to create these Europe-wide boundary conditions and to protect potential inventors and innovation processes from an overwhelming and diversified regulatory framework and bureaucracy (see also point 3.12 and 3.13).

- 3.7.1 **Concentration and broad scope.** There are certain clearly definable development goals, such as solving the energy and climate problem⁶, which may require a pooling of the resources available. However, it is equally important to have a sufficiently broad economic eco-system made up of multiple approaches and any possible interplay among them. Otherwise, there is the danger of prematurely excluding those very solutions which, while being fundamentally novel and innovative, may have a potential that is not initially acknowledged even by the experts. Then we would run the risk that, instead of becoming pioneers and creating the mainstream "fashions" ourselves, we are always lagging behind other players and losing out in global competition. This is a typical feature of centrally planned economies. Such features should therefore be avoided at all costs and, at the same time, the subsidiarity principle respected.
- 3.7.2 **Market forces and demands.** The usual innovation process needs orientation from the prevailing market forces and consumer demands, and it aims for their improved satisfaction. By contrast, however, it is a characteristic of really major innovations that they shape the market forces and create novel consumer demands and market areas⁷. These types of innovations need particular help during the critically initial barren period before they achieve recognition and economic breakthrough, and before they demonstrate their enormous economic impact.
- 3.8 **Fragmentation.** The Commission argues again that the European research and innovation landscape is fragmented. While this statement describes the situation in several important features, it is only accurate in part and should be further specified.
- 3.8.1 **Existing cooperation networks.** The fact is that in both the industrial and research area⁸, as well as the social and the creative industries area, there have long been European – and in many cases even worldwide – links and cooperation networks⁹ which are continuously fine-tuning and redefining their boundaries in the interplay between cooperation and competition. These are important processes of self-organisation by the respective stakeholders and their organisations. They should be noted, acknowledged, supported and built upon by the Commission. It is with a particular view to promoting these very kinds of important processes

⁶ OJ C 21, 21.1.2011, p. 49.

⁷ Examples are the aeroplane, or the revolutionary success stories of television, radar, laser, personal computer, micro-electronics, glass-fibre cables, internet/e-mail (plus search engines, trade, etc.), digital cameras, rocket-launched satellites, GPS – all of them interwoven and fertilising one other.

⁸ e.g., through the instruments for cooperation in research, point 4.6.

⁹ See, for example, *Forschung und Lehre* 11/10, pp. 788–796, statement by the Deutscher Hochschulverband, November 2010.

that the remaining obstacles to the internal market should be removed for the benefit of the European Innovation Area.

- 3.8.2 **Rules – simplification and harmonisation.** What should be achieved is a gradual simplification and harmonisation of the legal, administrative and financial rules¹⁰, both among Member States and between them and the Commission, as an important step towards completing the European Internal Market, the European Research Area and the Commission's goal of a European Innovation Area. If the current diversity, overregulation, overlapping and complexity of these rules are what is meant by fragmentation, then the Commission has the full support of the Committee.
- 3.8.3 **Previous opinions.** However, fragmentation plus confusion of rules and instruments is not only present between the Member States but also inside the Commission itself. The Committee has already dedicated an opinion¹¹ to this very issue and reaffirms the recommendations given there. Moreover, the Committee also supported these important goals through its opinions on joint programme planning¹² by Member States, on the R&D Framework Programme, on innovation policy in a changing world¹³ and on cooperation between industry/SMEs and public research¹⁴. The Committee recalls its recommendations on the dissemination, transfer and use of research results, and in particular on developing a specific internet search engine devoted to this goal¹⁵.
- 3.8.4 **Research infrastructure.** Costly infrastructures can also be an example of fragmentation if not used and financed by an international community. Some of these may be beyond the scope of an individual Member State in view of both the required investments and operational resources and optimum exploitation and use. The Committee fully supports the Commission's view¹⁶ (see footnote). Therefore, adopting a Community approach in these cases would result in clear added value¹⁷; consequently there should be joint overall funding by the Member States and by the EU.
- 3.9 **Community Patent.** The lack of a Community Patent is an unacceptable, costly and damaging fragmentation that needs to be overcome in order to increase the EU's competitiveness and to send a positive signal to all other areas of the Innovation Union. This Achilles heel in Europe's industrial and innovation policy has led to repeated attempts by the

10 OJ C 48, 15.2.2011, p. 129 (points 3.5 and 3.7).

11 OJ C 48, 15.2.2011, p. 129 (point 1.4).

12 OJ C 228, 22.9.2009, p. 56.

13 OJ C 354, 28.12.2010, p. 80.

14 OJ C 218, 11.9.2009, p. 8.

15 OJ C 218, 11.9.2009, p. 8 (point 3.2.4).

16 COM(2010) 546 final, 6.10.2010.

17 OJ C 182, 4.8.2009, p. 40.

Commission to find an acceptable solution. The Committee therefore congratulates the Commission on its recent (14 December 2010) proposal on enhanced cooperation between participating Member States – in accordance with the EU-treaties – in order to obtain a decisive partial solution on the way towards a final Community EU Patent (to be used by all Member States). The Committee appeals to Parliament¹⁸ and Council to adopt the proposed procedure as a decisive and significant step forward on the path to a final EU patent. The Committee agrees¹⁹ that this is "economically indispensable and politically acceptable".

3.10 Innovations regarding human interactions and organisations. There is a great potential for innovations in the whole spectrum of human interactions and organisations. The Committee supports the Commission's objective of promoting such innovations across the entire range of their social, economic, scientific, technical, environmental, organisational and workplace levels, and cultural aspects and applications. This encompasses the latest business and organisational models and processes, private services, public services and services of general interest, education and training, media, arts and entertainment – in fact, every aspect of human activity and co-existence.

3.10.1 Companies and workplaces – The role of employees. Optimal ways of organising work are important competitive assets. This is why innovative workplaces improve employee performance and increase business performance. The innovativeness of a company and its employees is reflected in the ability to develop and improve product, service, social or functional concepts so that they create added value for customers. Continued learning and cumulative experience play an important part here. Employees play an important role as sources of knowledge and ideas; better use should be made of this potential. An improved permeability between the various hierarchical levels would help to communicate new ideas and proposals.

3.10.2 Cooperation between the social partners. On the company level the key is trust and cooperation between the social partners, far-sightedness, competence, motivation, commitment, and the capacity of efficient innovation management.

3.10.3 Services and public procurement. The public sector can also be a driver of innovations. The Committee supports the statement by the Commission (Annex I) that the public sector provides incentives to stimulate innovations within its organisations and in the delivery of public services. This includes the service sectors (private and public) proper, but also manufacturing industries which are trying to find new competitive advantages with the help of services. The Innovation Union needs to send a clear message that the EU is determined to make use of this potential (private and public).

¹⁸ The European Parliament has now adopted the European Parliament legislative resolution of 15 February 2011 on the draft Council decision authorising enhanced cooperation in the area of the creation of unitary patent protection (05538/2011 – C7-0044/2011 – 2010/0384(NLE)).

¹⁹ Letter from President Nilsson (7 January 2011) on his conversation with Commissioner Barnier.

- 3.10.4 **Social innovations.** Social innovations should meet those social needs which are not adequately addressed by the market or the public sector. This is about new behaviours, interactions, institutional arrangements and networks. In social innovations, technical and non-technical applications are often combined and may be linked to strengthening producer-user interactions, development of structures and supporting methods and technology. Versatile use of technologies (e.g. ICT) allows novel cooperative, operational and management methods. The Committee welcomes the fact that the Commission intends to consult the social partners in order to examine how the knowledge economy can be spread to all occupational levels and sectors.
- 3.11 **The concept of "Innovation Union".** The Committee believes that the concept of the Innovation Union is well suited to summarising and representing the Commission's objectives outlined in its Communication. It should be implemented together with – and granted the same importance as – the existing concepts of the Internal Market and the European Research Area. The Committee therefore supports point 2.2 of the Communication without reservation and welcomes the fact that many of its subsequent recommendations are addressed there.
- 3.12 **Removing obstacles.** One of the main aims outlined by the Commission is to remove the obstacles to innovation on a European level. While the Committee appreciates that this is a huge and complex task closely related to further progress in completing the internal market, there is nevertheless a lack of detailed information on what the Commission's precise intentions are on this crucial issue. The Committee therefore welcomes the Commission's evident efforts in this direction as set out in its recently issued Green Paper²⁰, on which it will issue a separate opinion.
- 3.13 **Essential political task and key recommendation.** The essential political task and key recommendation is therefore to create reliable, innovation-friendly Europe-wide boundary conditions and frameworks with sufficient leeway. This will relieve potential inventors and innovation processes of the burden they face due to the present fragmentation, regulation and overburdening of regulatory frameworks and the varied bureaucratic hurdles across 27 Member States plus the Commission. This discourages initiative and perceptibly impedes and delays the process needed to turn good, new ideas into actual innovations. This is a serious drawback for Europe in global competition that must be removed as a matter of urgency. This is why we need a mindset that sees progress and innovation not as a risk, but as an opportunity and a necessity that must be advanced and achieved with all the means that society has available. However, the Committee also appeals to the Member States and civil society stakeholders to embrace this task and make their contribution to the solution.
- 3.14 **Better education and recognition.** The Committee supports the Commission in its goal of seeing our education system modernised at every level. To achieve this we need more world-

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See footnote 1.

class universities and better qualifications. Greater understanding for science and technology professions must be effectively fostered and these must receive greater recognition.

3.15 **Tight timetable.** Given the complexity and variety of aspects covered in the Communication, the significance of the objectives under examination and the points of view expressed in this document, the timetable proposed by the Commission is rather tight. The Committee therefore recommends a way forward that draws a distinction between the urgency of fundamental goals and the development of the particular measures and instruments proposed.

4. **Specific comments**

4.1 **SMEs as leading players.** The Committee agrees with the Commission that small and medium-sized enterprises are key players in the economy and as such should particularly benefit from the innovation initiative and its support measures. However, the definition and rating of small and medium-sized enterprises should be reconsidered, since new networking opportunities enabled through ICT mean that micro-enterprises, and even one-man operations, are taking on increased significance. Perhaps thought should also be given to the dividing line between these and the liberal professions. The Committee stresses the importance of innovations in the services and workplace sector especially for the competitiveness and productivity of SMEs (see points 3.10.1 and 3.10.2).

4.1.1 **Disadvantages for SMEs.** Many of the bureaucratic hurdles to innovation mentioned above put SMEs and start-ups at a particular disadvantage vis-à-vis big businesses, with their well-resourced legal departments, offices abroad, and so on, even if these are necessarily – because of these very attributes – less agile. It is even possible that this is one of the reasons why, for example, the EU has now forfeited market leadership in innovative ICT products²¹ to the USA.

4.2 **Evaluation indicators:** The Committee has already pointed out in an earlier opinion²² that the EU has several instruments of analysis in this sphere. In the interests of consistency, it therefore recommended "setting up a single 'European Innovation Observatory' which would incorporate all the existing tools, but render them more consistent". The Committee also points out that:

- many social and economic criteria include sustainability;
- the crisis has demonstrated that unduly short-term planning goals and evaluation criteria can lead to undesirable outcomes and even crisis;
- slow but constant growth often delivers the greater overall success and economic benefit;
- small start-up SMEs are often bought out or taken over by large companies when they become successful and so cease to feature in the statistics;

²¹ From Google, Apple, Facebook etc. to mobile phones.

²² OJ C 354, 28.12.2010, p. 80 (point 3.2.2).

- major innovations often experience a rather long barren period before they achieve an economic breakthrough and demonstrate their enormous impact;
- EU Member States and regions start from different positions (e.g., climate, infrastructure, resources) when it comes to innovation and hence must be assessed according to their particular strengths and weaknesses.

4.2.1 The Commission should therefore continue its cooperation with the OECD and develop a single but coherent package of comprehensive and balanced indicators which also take into account the views expressed above and the long-term success of innovations. The Committee believes that the "Features of well-performing national and regional research and innovation systems" described by the Commission in Annex 1 are helpful in this context.

4.3 **Accessibility.** Another example of an area with great potential for innovation is the accessibility of products and services so that also people with disabilities can be fully integrated into EU society, not only as citizens but also as consumers. This is an untapped market of great economic and social potential.

4.4 **Innovation partnerships.** The European Innovation Partnerships (EIPs) proposed by the Commission may offer attractive features. Meeting the societal challenges with the help of innovation partnerships may provide new opportunities, despite the uncertainties concerning their details and the reservations expressed under points 3.5 and 3.6. By using its innovation policy instruments simultaneously from both the supply as well as the demand side, and by combining research and technology push with market pull, the EU may obtain new competitive advantages. In order to realise this potential, it is important that the EU focuses on those features where the EIPs may offer added value as compared to existing measures. Therefore, innovation partnerships should not be introduced as an obligatory, universally applicable, rigid framework for action by European innovation stakeholders (including participating funding bodies at regional and national level). The voluntary principle, variable geometry, transparency and a clear form of governance which is easy to administer must be ensured. Consequently, after having defined the required governance structure, it would be advisable to start with one carefully selected innovation partnership and use the knowledge gathered in selecting the next partnership.

4.4.1 **Active and healthy ageing.** The Committee therefore recommends beginning with a particularly appropriate and desirable innovation partnership, namely that on "Active and Healthy Ageing". This would also serve as a good example for the broad interaction between social innovations on the one hand and scientific and technological innovations on the other. For this area, in particular, the Committee would like to underscore the importance of pre-commercialisation and public procurement for innovative services. This can play a decisive role in opening up new markets and in improving the performance and quality of public service.

- 4.4.2 **Water-efficient Europe.** One of the innovation partnerships proposed in Annex III of the Communication is a "Water-Efficient Europe". Here the Committee recommends a more flexible approach that better distinguishes between those regions within the EU where water shortages are a serious major problem and those regions where rainfall and water supply are ample and sufficient. The Committee therefore proposes a different heading, namely **Sustainable water management**.
- 4.5 **The "result-oriented" approach.** The Committee points out that innovation partnerships are to be supported, according to the Commission, on the basis of results. Since the Committee has voiced its strong misgivings about the definition of this concept in its opinion on simplification of the R&D Framework Programme (points 1.8 and 4.8)²³, it recommends clarifying what is really meant here from a procedural point of view. The Committee reiterates that for important inventions the long-term aspect and sustainability may be essential.
- 4.6 **Core role of the R&D Framework Programme.** The EU's R&D Framework Programmes have contributed significantly to the successes achieved so far and should be further strengthened and given greater recognition for their own intrinsic importance in the future. Leaving aside here the need for further simplification, the R&D Framework Programme offers a successful range of instruments for structuring the European Research Area that are recognised throughout the world, much used and with procedures that are understood and accepted. Therefore, the importance of the Research Framework Programme and – complementing it – the Competitiveness and Innovation Framework Programme (CIP) needs to be more clearly emphasised in relation to the Innovation Union goals. The collaborative research instruments have helped to create more efficient European consortia, and they must be maintained to ensure the necessary continuity²⁴. Moreover, in view of the innovation policy discussed here, support for socio-economic research should also be strengthened.
- 4.7 **Core role of the European Research Area – a Single Market for Researchers.** The core role (see also point 3.11) of the European Research Area and the requirements for its completion have been addressed in numerous previous opinions. The Committee reiterates that mobility of researchers and the recognition of academic and research qualifications is a key issue, including social security, adequate salaries and pension schemes. The present situation, in particular for young scientists and researchers, is still very unsatisfactory and discouraging. Therefore, the Committee welcomes and strongly supports the Council Conclusions²⁵ (of 2 March 2010) on "European researchers' mobility and careers" and on "Realising a single market for researchers". The EU needs an attractive and functioning single market for researchers!

23 OJ C 48, 15.2.2011, p. 129.

24 OJ C 48, 15.2.2011, p. 129 (point 3.12).

25 2999. Competitiveness Council meeting, Brussels, 2 March 2010.

- 4.8 **Risk Capital.** Notwithstanding positive developments on the EIT side – and in this respect, the Committee most particularly welcomes the recent creation of the Risk-Sharing Facility by the European Commission and the EIT – there is still a shortage of adequate and readily available risk capital for the start-up and initial survival of innovative companies. This applies both to the phase of setting up itself and to the barren period before their first economic success. Small- and micro-credits are also needed here to both cushion risks and make it possible to share in success.
- 4.9 **Clusters.** The Committee highlights once again the knock-on effect that regional, crossborder clusters and innovation hubs have on stimulating innovation. This is more than just the "traditional" linkage of research institutes and businesses: it is also the additional, productive network that emerges between the specialist firms that have been set up. The Committee recommends that Structural Fund resources continue to be used to support this.
- 4.10 **Facilitating and incentivising start-ups.** The Committee wonders whether it would be feasible to draft an exemption clause for start-ups which not only frees them for an adequate period from most of the otherwise normal administrative procedures and various regulations, but also provides other incentives (such as tax breaks). This would give them a breathing space and leeway during which the economic and technical potential for success could be demonstrated. The Committee is aware that this proposal requires a delicate and nuanced assessment of risks and interests, but one that could well be worth undertaking.

Brussels, 15 March 2011.

The President
of the
European Economic and Social Committee

Staffan Nilsson
