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## REPORT

on the contribution of the future regional policy to the innovative capacity of  
the European Union  
(2006/2104(INI))

Committee on Regional Development

Rapporteur: Mieczysław Edmund Janowski

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the contribution of the future regional policy to the innovative capacity of the European Union (2006/2104(INI))

*The European Parliament,*

- having regard to Articles 2, 3, 158, 159 and 160 of the Treaty establishing the European Community,
- having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund<sup>1</sup> and to the corrigendum thereto<sup>2</sup>,
- having regard to Council Regulation No 1084/2006 of 11 July 2006 establishing a Cohesion Fund<sup>3</sup>,
- having regard to Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund<sup>4</sup>,
- having regard to Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund<sup>5</sup>,
- having regard to Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC)<sup>6</sup>,
- having regard to Council Decision 2006/702/EC of 6 October 2006 on Community strategic guidelines on cohesion<sup>7</sup>,
- having regard to Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)<sup>8</sup>,
- having regard to Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing an Innovation and Competitiveness Framework Programme (2007-2013)<sup>9</sup>,
- having regard to its resolution of 10 March 2005 on science and technology - Guidelines

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<sup>1</sup> OJ L 210, 31.7.2006, p. 25.

<sup>2</sup> OJ L 239, 1.9.2006, p. 248.

<sup>3</sup> OJ L 210, 31.7.2006, p. 79.

<sup>4</sup> OJ L 210, 31.7.2006, p. 1.

<sup>5</sup> OJ L 210, 31.7.2006, p. 12.

<sup>6</sup> OJ L 210, 31.7.2006, p. 19.

<sup>7</sup> OJ L 291, 21.10.2006, p. 11.

<sup>8</sup> OJ L 412, 30.12.2006, p. 1.

<sup>9</sup> OJ L 310, 9.11.2006, p. 15.

for future European Union policy to support research<sup>1</sup> ,

- having regard to the Commission communication entitled 'Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013' (COM(2005)0299),
- having regard to the communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions entitled 'Putting knowledge into practice: A broad-based innovation strategy for the EU' (COM(2006)0502),
- having regard to the communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions entitled 'More Research and Innovation – Investing for Growth and Employment: A Common Approach' (COM(2005)0488),
- having regard to the communication from the Commission to the Council and Parliament entitled 'Cohesion Policy and cities: the urban contribution to growth and jobs in the regions' (COM(2006)0385),
- having regard to the Commission communication entitled 'Third progress report on cohesion: Towards a new partnership for growth, jobs and cohesion' (COM(2005)0192),
- having regard to the conclusions of the Lisbon European Council of 23 and 24 March 2000,
- having regard to the European Charter for Small Enterprises, approved at the Feira European Council on 19-20 June 2000,
- having regard to the communication from the Commission to the spring 2006 European Council entitled 'Time to move up a gear. The new partnership for growth and jobs' (COM(2006)0030),
- having regard to the communication from the Commission to the European Council at the informal meeting in Lahti on 20 October 2006, entitled 'An innovation-friendly, modern Europe' (COM(2006)0589),
- having regard to the communication from the Commission to the European Council entitled 'The European Institute of Technology: further steps towards its creation' (COM(2006)0276),
- having regard to the Commission communication entitled 'Regions for Economic Change' (COM(2006)0675),
- having regard to the report to the Commission by the independent group of experts on R&D led by Esko Aho entitled 'Creating an Innovative Europe' (January 2006), the final report of the European Research Advisory Board (ERAB) entitled 'Stimulating regional potential for research and innovation' (November 2005) and the Commission report

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<sup>1</sup> OJ C 320 E, 15.12.2005, p. 259.

'Innovative strategies and actions: results of 15 years of regional experience' (October 2005),

- having regard to the European Innovation Progress Report 2006 (TrendChart),
  - having regard to the positions and opinions of the Committee of the Regions,
  - having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on Regional Development and the opinion of the Committee on Budgets (A6-0096/2007),
- A. whereas, in addition to covering the approval of projects and the management of Structural Funds, regional policy plays a part in EU innovation capacity building, which involves a range of complementary scientific and technological, legal and financial, economic and commercial, organisational and administrative, energy and environmental, educational and social, and health and cultural measures aimed at securing genuine cohesion within the Community,
- B. whereas investment does not, of itself, guarantee development but can, when appropriate policies are pursued and pro-growth measures supported, become a vital development tool,
- C. whereas innovation capacity building should serve to reduce disparities between regions, thereby putting into practice the principle of social solidarity and harmonious development,
- D. whereas people should be the focus of all innovation action; whereas their full and harmonious development is the key to the successful implementation of all policies, and whereas the basis for all action taken by the EU should be the wellbeing of its inhabitants (broadly defined in terms of quality of life and long life), as members of local and regional communities and, at the same time, citizens of the Member States,
- E. whereas equal access to education and training at all levels is a fundamental citizens' right and whereas continuous training should be stepped up and workers should be given retraining opportunities,
- F. whereas innovation within the EU should be understood as a dynamic and interactive process involving various stakeholders including, in accordance with the principle of subsidiarity, regional and local stakeholders,
- G. whereas innovation can also mean a return to good, tried and tested practices that have been in use for generations, and whereas in some cases innovation measures may be aimed only at specific regions,
- H. whereas some measures require major expenditure, while others call only for new ideas and/or the introduction of good, clear legislation that will be observed,
- I. whereas the goal of the Lisbon Strategy is to make the EU the world's most competitive economy by 2010, including by increasing research and development expenditure to 3%

of GDP and whereas regional and local centres should be more actively involved in the practical implementation of the Lisbon Strategy,

- J. whereas 60 to 70% of Community legislation is implemented at regional and local level,
- K. whereas Structural Funds should be used in a flexible way so as to enable due account to be taken of the specific features of individual regions,
- L. whereas various financing instruments have been introduced, including the new Jaspers, Jeremie and Jessica initiatives, and whereas EIB action serves as a useful lever for development by rationalising expenditure,
- M. whereas small and medium-sized enterprises (SMEs) play a vital role in innovation capacity building within the EU, owing, among other things, to their flexibility and speed of reaction to new technology and new operating methods,
- N. whereas SMEs must be considered as one of the main drivers for innovation in Europe and whereas the Member States and the EU are committed to strengthening the spirit of innovation in small enterprises and their technological capacities and to introducing a Community patent that is accessible to them,
- O. whereas sustainable energy sector development represents one of the greatest challenges to the EU,
- P. whereas economic activity, as broadly understood, also includes farming,
- Q. whereas the service sector generates a significant portion (some 70%) of the income of Member States,
- R. whereas the demographic forecasts for the EU (a low birth rate and an ageing population) are a social challenge to the EU and open up great opportunities for innovative actions in Member States, including in the services sector,
- S. whereas appropriate conditions need to be created in connection with transport, telecommunications and information network infrastructure,
- T. whereas the other players in the global economic and political 'game' are not sitting on their hands and are also looking for new solutions, and whereas innovation can be an asset by making the EU economy more attractive and more competitive and forging bonds between EU regions,
- U. whereas innovation must not be seen in purely formal terms, and whereas there is a 'feedback effect' under which properly conducted regional policy fosters multi-directional innovation which in turn triggers faster and more harmonious regional development, thus contributing to EU cohesion,
- V. whereas innovation is one of the three EU priorities mentioned in the Community Strategic Guidelines (2007-2013),

***Policy on human capital, education, science and research***

1. Calls on Member States and the Commission to ensure in the EU regions equal opportunities for all citizens to access education at every level, which would boost people's ability to think in an innovative, creative way and ensure balanced personal development (both intellectual and physical), including the development of active, ethical and pro-social behaviour patterns;
2. Welcomes the results achieved to date and calls on Member States and the Commission to foster the development of regional academic and scientific-research centres, as well as centres of excellence in different areas and closer cooperation among such centres, especially between established and emerging centres of excellence, but also through network structures open to third countries, as well as enhanced exchanges of researchers and students, with consideration being given to appropriate access for female researchers;
3. Calls on the Commission, Member States and local authorities to promote research projects whose findings have practical applications, thus contributing to regional development;
4. Draws the Council's and the Commission's attention to the fact that, in view of the current demographic situation in the EU and the fact that European society is ageing, elderly persons should be encouraged to be more closely involved in innovation measures, thus putting their knowledge and experience to good use;
5. Calls on Member States and the Commission, as well as regional and local authorities, to take more effective steps to spot gifted young people and give them the opportunity to develop their scientific and intellectual capacities, and also to provide comprehensive support for the advancement of young researchers;
6. Stresses that demographic change also creates opportunities for the EU economy; refers to innovative activities in the informatics and medical sectors, in domotics, telematics and large parts of the services, transport and care sectors, as well as in regional planning; recalls that most regional and local authorities have sufficient power to implement policy in these areas;
7. Suggests to the Commission, Member States, the Committee of the Regions and regional authorities that, with a view to fostering a stronger spirit of innovation, regional and local communities should be galvanised by means of a multi-directional campaign to step up dialogue with society, and with business in particular, based on the 'bottom-up' principle;
8. Recognises that innovation is essential for creating employment in Europe;
9. Takes the view that an essential precondition for innovation capacity building in the EU, including in the outermost regions, outlying territories, mountainous and island regions as well as rural areas, is unhindered and free – or extremely cheap – broadband access to
  - (a) administrative information (at all levels of the administration), making it possible for most administrative formalities, including business-related formalities, to be dealt with over the Internet, and
  - (b) scientific, economic, legal and cultural information, subject to proper respect for

intellectual property principles (wider availability of e-libraries),

and calls on the Commission, Member States and regional and local authorities to ensure universal access to such information and to maximise access to information and communication technology (ICT) based working, which can help to combat unemployment and – something which is particularly important for people whose personal or professional circumstances require them to work or study remotely and for those who decide to work at home, including especially those bringing up children, disabled persons and carers;

10. Urges local, regional and national authorities, in cooperation with sectoral bodies, such as Chambers of Industry and Commerce and other Infocentres, to set up joint one-stop information shops; stresses that this can be done without spending any more resources by reforming existing information networks; notes, finally, that in this way firms and research institutions can obtain information from a single point about innovation, research and regional development policy at local, regional, national and EU level;
11. Considers that, with a view to boosting innovation throughout the EU, it is essential for broad support to be given to invention-related activities and, by extension, to patent- and licence-related activities, and calls on the Council, Commission and Member States to step up efforts to introduce a European patent and ensure respect for copyright (intellectual property rights strategy), and to vigorously and effectively to combat plagiarism and counterfeiting, and to work towards global solutions in this area, based predominantly on European models;
12. Points out that development and innovation measures also extend to non-technological organisational and service-related innovation; welcomes the fact that the Competitiveness Council of 5 December 2006 decided to draw up a policy guideline on service-related and non-technological innovation; calls on the Commission to involve the organisations representing the enterprises concerned in this process; invites regional authorities to introduce measures to support non-technological innovation;
13. Takes the view that innovation clusters and centres of excellence have, to date, produced good results and that these should be supplemented with the conclusions set out in the Commission communication entitled 'Putting knowledge into practice: A broad-based innovation strategy for the EU'; considers that the Commission working document entitled 'Innovative strategies and actions' (which includes the "innovation voucher") and the recommendations of ERAB should also be considered; calls on the Commission and Member States to foster the development of clusters as a means of establishing links between scientific research centres, education centres, business and local communities;
14. Considers that the dynamic development of innovation at regional level, particularly in areas of traditional or single industries, could constitute an effective means of countering relocations or their effects when they cannot be avoided and encouraging regional employment;
15. Urges Member States to foster cooperation by setting up European technological platforms providing an opportunity to concentrate innovation activities by forging cross-border and cross-regional links between industry and business and scientific-research and



financial circles;

16. Recognises the need to create regional innovation poles and areas and to link these via networks to corresponding structures in other regions and Member States or third countries;
17. Welcomes the fact that research and development spending under the Seventh Framework Programme for Research has risen by some 40%; stresses, nonetheless, that the current level of spending on research and development is still dangerously low and that the Community budget appropriations earmarked for this purpose are far from satisfactory, and calls on Member States to considerably increase the percentage of GDP they spend on R&D at both national and regional levels as soon as possible, drawing attention to the need for the monies to be used in a rational manner, in accordance with the purpose for which they are earmarked;
18. Expresses concern at the fact that, although the EU authorities recognise the crucial importance of promoting innovation, the appropriations allocated to research and development are insufficient to meet the real needs of the Union and thereby ensure its competitiveness;
19. Considers that structural funding is one of the significant means of bolstering innovation capacity and reducing economic disparities between regions, suggests that the Commission, Member States and regional authorities should increase the percentage of structural funding resources contributing to the development, earmarked for research and inventions;
20. Sees the European Institute of Technology (EIT) as a new opportunity that would prevent the 'brain drain' and give talented European researchers a unique chance to perform scientific research at the highest level and as a source of potential support for regional scientific research institutes; calls therefore on the Council, Commission and Member States to speed up establishing the EIT and thus boost the Community's competitiveness and potential in the 'knowledge triangle' formed by innovation, research and education;
21. Encourages the Commission to formulate a strategy for creating an open, common and competitive European labour market for researchers, and Member States and regional authorities to implement that strategy in such a way as to provide researchers with the opportunity for professional development through appropriate career prospects and steps to facilitate mobility;

#### ***Economic and energy policy and financial and administrative tools***

22. Calls on the Commission, Member States and regional and local authorities to give comprehensive support, in accordance with their respective competences to SMEs (including measures to streamline administrative procedures and the tax system and measures concerning public supply procedures), since they are the most creative and dynamic vehicles for technological and organisational innovation, and can thus potentially enhance Europe's economic competitiveness and improving the situation on the labour market;

23. Emphasises the importance of improving SME access to financing from the Structural Funds in order to increase the cost-effectiveness of EU expenditure for the public; takes the view, in this regard, that greater diversification of financing should be promoted and that particular efforts should be made to develop more fully the potential of risk capital;
24. Calls on regional and local authorities to foster and support regional cooperation between scientific research centres and businesses of all sizes, small, medium and large, including, where possible, the institutions of the social economy; calls on regional and local authorities to regard the Open Innovation principle (cooperation between industry, SMEs and government in research and innovation through clustering) as a motor for regional development;
25. Emphasises that the Structural Funds and the Cohesion Fund play a major role in the pursuit of the Lisbon objectives, particularly in the field of innovation;
26. Considers the Structural Fund to be a vital tool for supporting innovation capacity, and in particular for achieving cohesion and reducing economic disparities between regions; proposes that the amount allocated from the Structural Funds to research and innovation be increased considerably;
27. Recognises that, in local and regional conditions, micro enterprises and craft industries are particularly important for pro-innovation policy and should be supported in cooperating with public and private research establishments, especially in low and medium technology areas; calls on the Commission to submit to it and to Council an action programme in relation to such enterprises and suggests the Member States and regional authorities support them using Structural Funds, also within the scope of students training, regrets however that no operational measures have been proposed for them; consequently, calls on the Commission and the Council to ensure that account is taken of the specific characteristics and needs of these enterprises when defining priorities in the strategy;
28. Invites national and regional authorities to create conditions reinforcing interregional and cross-border cooperation in the domain of innovation, while suggesting maximal simplification of administrative procedures concerning the financing of such cooperation;
29. Recommends that national, regional and local authorities take the innovative action that is essential in the services sector in the broad sense of the term, which includes public services;
30. Urges Member States, with a view to effective implementation of pro-innovation policy in the regions, to make a good use of the complementarity of the European Regional Development Fund, the European Social Fund, the Cohesion Fund and funding available under the Seventh Framework Programme for research as well as the first Framework Programme for Competitiveness and Innovation;
31. Takes the view that, in line with the strong social pressure for this, red tape should be radically reduced, and calls on the Commission and Member States to review-, in accordance with the respective competences, Community, national, regional and local law from that point of view and to make extensive simplifications and, wherever possible,

standardise administrative procedures, particularly those connected with starting up and conducting an economic activity (single points of contact);

32. Takes the view that institutional assistance should be provided to local and regional authorities in their pro-innovation work and suggests that Member States consider giving them, in accordance with the principle of subsidiarity and the guidelines for state aid adopted by the Commission, the broadest possible duties and powers together with appropriate means of self-funding, subsidies or grants, which should facilitate efforts to devise the best possible solutions for local residents;
33. Calls on Member States and regional and local authorities, when looking for ways to implement pro-innovation investments and projects, to promote and make greater use of solutions involving public-private partnerships (PPPs) and at the same time to employ best practice developed in other countries and regions, following the principle of value for money;
34. Stresses the need for an extensive system of PPPs to supplement the public financing made available by the Member States and the Community; notes that the success of such activities will depend essentially on interlinking the potential actors;
35. Urges the Commission, in view of the possibility of tensions between competition policy and state aid policy, on the one hand, and the support of such projects from the Structural Funds, on the other, to undertake actions aimed at reducing these tensions with reference to PPP, as well as other issues, including broadband Internet connection infrastructure;
36. Considers that, with a view to implementing pro-innovation policies at national and regional levels, the task of raising capital needs to be made easier, and calls on the Council, Commission and Member States to set up financing mechanisms that meet real needs, together with a system for managing the risks involved in innovative projects; acknowledges, in this connection, the importance in innovation terms of the new financing initiatives introduced jointly by the EIB and the EIF (Jaspers, Jeremie and Jessica) and considers that information on the practical and effective implementation of these initiatives should be disseminated as widely as possible at regional level;
37. Emphasises, however, that the current risk capital system does not meet the innovation financing needs of small and micro enterprises, in particular for non-technological innovation; calls on the Commission, the EIB and the EIF to identify funding methods that are suitable for these enterprises and for cottage industries, by adapting risk capital or devising if necessary other innovative financial instruments; points out that the Jeremie initiative should not be limited to supporting innovation in high technologies alone, and calls on the Member States and the regions to ensure that it also supports innovation in low and medium technologies;
38. Calls on the Commission, Member States and regional authorities to focus not only on major projects and centres of excellence, but to also pay attention to smaller projects in less favoured regions and to provide for adapted micro-credit mechanisms;
39. Acknowledges the link between innovation and the swift and safe movement of persons and goods, which requires the involvement of regional communities in the provision of

transport infrastructure, and calls on the Commission, Member States and regional and local authorities to be technically and organisationally innovative within the transport field, particularly in the case of public transport at both local and regional levels;

40. Is pleased that it, together with the Council and Commission, has taken up the EU's energy problems and, realising that energy policy falls, in principle, within the national sphere and has a significant influence on innovation within the economy, urges Member States to consider the regional aspects of that policy, including energy education, which should result in greater efforts to rationalise energy use and produce 'clean' energy by making use of geological features and local energy sources and promoting energy-intelligent buildings, an economy powered to larger extent by renewable sources of energy, a transport system that exploits the possibilities of intermodal combinations more efficiently and more effectively reusing and recycling processes; stresses the positive role to be played by SMEs in this matter;

#### ***Urban and rural areas and the environment***

41. Calls on Member States and the Commission, with a view to countering the depopulation of certain areas brought about by their structural disadvantages (such as economic deprivation and unemployment), to conduct inter-regional compensation policy in a more effective manner, having regard to the development of innovation in the regional economies, which will enhance the Community's innovation capacity and contribute to the achievement of genuine territorial cohesion;
42. Draws the attention of the Commission, Member States and regional authorities to the fact that, for an innovation-friendly environment to be possible, people must have good living conditions, which means guaranteeing an appropriate level of security, health care and environmental protection, decent housing, access to education, culture and services and so on;
43. Calls on Member States and regional authorities, in view of the prominent role played by urban areas as the places where most Union citizens live and also as local and regional innovation centres, to support long-term spatial planning which will create conditions conducive to rational and harmonious use of urban space and sustainable urban development, with due account being taken of economic, housing and recreational needs and also of environmental protection needs;
44. Calls on the Commission and Member States to support initiatives ensuring innovative environment-friendly action (eco-innovation) in accordance with the guidelines of the sustainable development strategy, contributing among other to sustainable regional development; points also to the significant potential of the SMEs for this kind of innovation;
45. Calls on the Commission, Member States and regional authorities, in view of the fact that rural areas in which some 20% of the Union's population lives are of decisive importance to EU food security, to bring agri-food production and processing issues and the living conditions of the inhabitants of rural areas within the sphere of innovation policy;

### ***Good practice and the consolidation of innovation policy***

46. Welcomes the Commission's work to date in assessing innovation policy at Member State level (e.g. the European Innovation Progress Report) and calls on it systematically to analyse the level of development of individual regions, using the most objective innovation indicators available; suggests that relevant analyses and assessments and best practices be put forward in the fourth report on cohesion currently being drawn up;
47. Calls on the Commission to take steps to consolidate National Strategic Reference Frameworks, which should include Regional Innovation Strategies in order to bring innovation to the fore, and to bring them together in a common, coherent system for the whole EU;
48. Welcomes the results achieved to date in connection with the exchange of experience and best practice between regions and local communities through cooperation networks, and calls on the Commission for continued support to be provided for the development of such networks and innovation transfer through the deployment of leading-edge information and communication technologies, which significantly facilitate the transfer and exchange of information, particularly in view of the need to involve communities living in remote areas; welcomes, in this connection, the fact that through the Regions for Economic Change initiative the Commission is encouraging regions and towns to cooperate, but awaits specific proposals for the implementation of that initiative;
49. Calls on the Commission to conduct, in partnership with Member States, regional and local authorities, a mid-term review of the effects of the cohesion policy conducted up to now and of the Community Strategic Guidelines in order to assess the progress made with EU innovation policy in the regions;
50. Reminds the Commission that the fourth cohesion report must also serve to improve cohesion policy in the future; also refers to the 'EU Territorial Agenda' due to be devised in 2007; stresses that this policy document seeks to bring about new and forward-looking concepts of territorial development (especially in the fields of regional and urban development, the use of 'critical mass' for regional clusters and a differentiated approach to regions) and also uses culture as an aid to regional development;
51. Hopes that the present resolution will demonstrate the interest which cities and regions have in regional development and growth and that it will make a contribution to the debate on the annual reporting of the Member States' demands in the Lisbon Strategy;
52. Instructs its President to forward this resolution to the Council and Commission, the Governments of the Member States and the Committee of the Regions.

## EXPLANATORY STATEMENT

European Union regional policy should address two fundamental issues, namely Community cohesion and the need for action to foster innovation. During the 2007-2013 financial perspective period, European Regional Development Fund, Cohesion Fund and European Social Fund resources will be used in pursuit of three fundamental goals, namely, convergence, competitiveness and European territorial cooperation. Through these funds, Community regional policy should be directed towards not just ironing out disparities among individual EU regions but also enhancing the Community's capacity to take innovative action in all areas.

We should therefore not waste the time, money or creative abilities of our citizens. What we need is an appropriate environment and an understanding that innovation is not just for scientists, researchers, inventors, industrialist, businessmen and politicians. It is essential for individuals in local and regional communities to feel that innovation is for everyone and can improve their living conditions and quality of life. This will be difficult to achieve, but did anyone ever say that we would only have easy issues to deal with?

It should therefore be firmly emphasised that pro-innovation action is an obligation for the EU as a whole, for individual Member States and for all the regions. It should be noted, however, that the overall annual amount currently available at EU level stands at no more than 1% of Community GDP. Unless an appropriate commitment (which must, of course, include funding) is forthcoming from the Member States, innovation will be no more than a nice-sounding slogan (which, incidentally, sounds much the same in all our languages, since it comes from the Latin *innovatio*). It is high time for us to turn declarations and commitments into practical action, because innovation is not an end unto itself.

Innovation should, in principle, inform all activities contributing to genuine Community cohesion in the fields of science, education and research, construction and technology, law and organisation, management and administration, the economy and trade, energy and the environment. Innovative solutions are also needed for social and health-care problems as well as issues relating to access to culture. And each of the above aspects has a regional dimension.

The basis for all action taken at Community, Member State and regional level should be the general wellbeing of the population. Investing in people, creating an appropriate environment for their development, including by ensuring access to education, so as to be able to put to good use their intellectual potential and capacity for creative action, should therefore be a central tenet of Community action. We must, furthermore, tap the reservoir of positive experience that has existed for generations in the countries of Europe. This is the fundamental source of Europe's - of our - competitive success at world level. What is also needed is for large numbers of Europeans to adopt a far-reaching, innovative mindset and to take practical innovative action. This is particularly important in view of the fact that the demographic situation in Europe is becoming alarming.

Having identified the challenges facing it, the Union set itself the goal, under the Lisbon Strategy, of becoming the world's most competitive economy. This is to be achieved, among

other things, by increasing research and development (R&D) spending to 3% of GDP. However, only two Member States - Sweden and Finland - have as yet reached that level. Furthermore, there are major differences between regions in terms of R&D spending levels. According to the statistics available, 21 of the 254 EU-25 regions have hit the target. So for the new cohesion policy objectives to be met, the regional and local levels need to be more actively involved in efforts to achieve the Lisbon Strategy goals.

Pro-innovation policy, whether at EU, Member State or regional level, must be viewed in the light of what is a changing environment; i.e. proper account must be taken of the fact that others are developing at the same time as we are. So if we want to be better, we must be more competitive in terms of new technologies and methods, new construction materials, new products and services, new energy sources and new organisational, legal, financial and other arrangements. In short, in terms of new, attractive assets.

The European Union is one of the world's two leading economies. The GDP of the EU as a whole is extremely close to that of the United States (USD 12.5 trillion, according to World Bank figures). However, the EU is currently losing the race with its main rivals in terms of investment in a knowledge-based economy. We need to take a good look at the approach that China and India are taking to this issue. According to the figures available, EU research spending stands at 1.96% of GDP, as against 2.59% for the United States and 12% for Japan. If we really are to meet the Lisbon Strategy goals (as updated in July 2005), we need to adopt a comprehensive approach to this issue, including in the new regional policy.

This view is echoed in the Commission communication of 13 September 2005 entitled 'Putting knowledge into practice: A broad-based innovation strategy for the EU'. The communication sets out 10 actions that are of particularly high priority for the Lisbon Strategy for Growth and Jobs. It is worth quoting the following excerpt: 'The main competence to foster innovation often lies at regional level. Regions should therefore be involved in the preparation and implementation of the National Reform Programmes, including by developing their own regional innovation strategies. Additional efforts need to be undertaken to facilitate policy learning and the diffusion of good practice across borders'.

The road map for a more innovative Europe must therefore also cover the regions. And, wherever possible, business angels' activities should help to enhance the pro-innovation impact of policy conducted at local and regional level.

In this report, every attempt has been made to take account of the broadest possible range of mutual links between Community regional policy and the Community's innovation potential. A large number of source materials and opinions of Commission and Committee of the Regions representatives has therefore been taken into account. It should be noted that a fairly wide range of views have been expressed on the matter. One example is the nine-point 'Innovation Manifesto' focusing on relations between industry and academia that was published by the *Science Business* independent news service in November 2006.

Finally, the rapporteur should like to thank all those who provided support and assistance in the drafting of this report.

25.1.2007

## **OPINION OF THE COMMITTEE ON BUDGETS**

for the Committee on Regional Development

on the contribution of the future regional policy to the innovative capacity of the European Union  
(2006/2104(INI))

Draftswoman: Nathalie Griesbeck

### **SUGGESTIONS**

The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Emphasises that the Structural Funds and the Cohesion Fund play a major role in the pursuit of the Lisbon objectives, particularly in the field of innovation;
2. Considers the Structural Fund to be a vital tool for supporting innovation capacity, and in particular for achieving cohesion and reducing economic disparities between regions; proposes that the amount allocated from the Structural Funds to research and innovation be increased considerably;
3. Expresses concern at the fact that although the European Union authorities recognise the crucial importance of promoting innovation, the appropriations allocated to research and development are insufficient to meet the real needs of the Union and thereby ensure its competitiveness;
4. Recognises that innovation is essential for creating employment in Europe;
5. Stresses the need for an extensive system of public-private partnerships to supplement the public financing made available by the Member States and the Union; notes that the success of those activities will depend essentially on interlinking the potential players;
6. Emphasises the importance of improving SME access to financing from the Structural Funds in order to increase the cost effectiveness of EU expenditure for the public; takes the view, in this regard, that greater diversification of financing should be promoted and that particular efforts should be made to develop more fully the potential of risk capital;
7. Recognises the need to create regional innovation poles and areas and to link these via networks to corresponding structures in other regions and Member States or third countries.



## PROCEDURE

<b>Title</b>	The contribution of the future regional policy to the innovative capacity of the European Union
<b>Procedure number</b>	2006/2104(INI)
<b>Committee responsible</b>	REGI
<b>Opinion by</b> Date announced in plenary	BUDG 18.5.2006
<b>Enhanced cooperation – date announced in plenary</b>	
<b>Drafts(wo)man</b> Date appointed	Nathalie Griesbeck 20.9.2004
<b>Previous drafts(wo)man</b>	
<b>Discussed in committee</b>	25.1.2007
<b>Date adopted</b>	25.1.2007
<b>Result of final vote</b>	+: 29 –: 0 0: 0
<b>Members present for the final vote</b>	Laima Liucija Andrikienė, Richard James Ashworth, Reimer Böge, Salvador Garriga Polledo, Monica Maria Iacob-Ridzi, Janusz Lewandowski, Mario Mauro, Nina Škottová, László Surján, Herbert Bösch, Brigitte Douay, Neena Gill, Catherine Guy-Quint, Jutta Haug, Vladimír Maňka, Dan Mihalache, Gianni Pittella, Yannick Vaugrenard, Ralf Walter, Gérard Deprez, Nathalie Griesbeck, Anne E. Jensen, Jan Mulder, Kyösti Virrankoski, Wiesław Stefan Kuc, Wojciech Roszkowski and Gérard Onesta.
<b>Substitute(s) present for the final vote</b>	Paul Rübig and Hans-Peter Martin.
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	
<b>Comments (available in one language only)</b>	...

## PROCEDURE

<b>Title</b>	The contribution of the future regional policy to the innovative capacity of the European Union		
<b>Procedure number</b>	2006/2104(INI)		
<b>Committee responsible</b> Date authorisation announced in plenary	REGI 18.5.2006		
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	BUDG 18.5.2006		
<b>Not delivering opinion(s)</b> Date of decision			
<b>Enhanced cooperation</b> Date announced in plenary			
<b>Rapporteur(s)</b> Date appointed	Mieczysław Edmund Janowski 2.5.2006		
<b>Previous rapporteur(s)</b>			
<b>Discussed in committee</b>	21.6.2006	4.10.2006	23.1.2007
<b>Date adopted</b>	20.3.2007		
<b>Result of final vote</b>	+ 43 - 0 0 4		
<b>Members present for the final vote</b>	Alfonso Andria, Stavros Arnautakis, Elspeth Attwooll, Tiberiu Bărbulețiu, Jean Marie Beaupuy, Rolf Berend, Jana Bobošíková, Vasile Dîncu, Gerardo Galeote, Iratxe García Pérez, Eugenijus Gentvilas, Pedro Guerreiro, Gábor Harangozó, Marian Harkin, Mieczysław Edmund Janowski, Gisela Kallenbach, Tunne Kelam, Evgeni Kirilov, Sérgio Marques, Miguel Angel Martínez Martínez, Yiannakis Matsis, Miroslav Mikolášik, Jan Olbrycht, Maria Petre, Markus Pieper, Wojciech Roszkowski, Elisabeth Schroedter, Stefan Sofianski, Grażyna Staniszevska, Catherine Stihler, Kyriacos Triantaphyllides, Oldřich Vlasák, Vladimír Železný		
<b>Substitute(s) present for the final vote</b>	Jan Březina, Brigitte Douay, Den Dover, Emanuel Jardim Fernandes, Dariusz Maciej Grabowski, Ljudmila Novak, Mirosław Mariusz Piotrowski, Zita Pleštinská, Christa Prets, Toomas Savi, László Surján, Károly Ferenc Szabó, Nikolaos Vakalis		
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	Věra Flasarová		
<b>Date tabled</b>	30.03.2007		
<b>Comments</b> (available in one language only)			