



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 11 September 2009

13079/09

**COMPET 376
RECH 272
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ECOFIN 559
SOC 506
ENV 559
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REPORT

From: General Secretariat of the Council
To: Permanent Representatives Committee / Council

No. prev. doc.: 13007/09 COMPET 368 RECH 267 EDUC 132 ECOFIN 555 SOC 496 ENV 555
ENER 286 TELECOM 181 MI 321 IND 107 MAP 14

Subject: Competitiveness Council, 24 September 2009
Item 3: Reviewing Community innovation policy in a changing world

– Questions for structuring the policy debate

1. The Presidency has planned a policy debate on the Commission Communication entitled "Reviewing Community innovation policy in a changing world" (doc. 12905/09) ¹ at the Competitiveness Council (Internal Market, Industry and Research) on 24 September 2009.
2. In order to structure the debate by Ministers, the Presidency has drawn up 3 questions, which are introduced by a Background paragraph. The questions and the Background paragraph were discussed by the Working Party on Competitiveness and Growth on 10 September 2009. The Working Party reached full agreement on the text of the Background and the questions as set out in the Annex to the present Report.
3. In the light of the agreement reached by the Working Party, the Permanent Representatives Committee is invited to approve the text as set out in Annex.

¹ This Communication is accompanied by 6 Staff Working Documents:

1. Staff Working Document "Challenges for EU support to innovation in services" (doc. 12956/09);
2. Staff Working Document "Making public support for innovation in the EU more effective" (doc. 12957/09);
3. Staff Working Document "Assessing Community innovation policies in the period 2005-2009" (doc. 12958/09);
4. Staff Working Document "Lead Market Initiative for Europe Mid-term Progress Report" (doc. 12959/09);
5. Staff Working Document "Financing Innovation and SMEs" (doc. 12960/09);
6. Staff Working Document "Design as a driver of user-centred innovation" (doc. 8706/09; this document was originally issued in April 2009).

**Questions for the policy debate on future innovation policy at the
Competitiveness Council, 24 September 2009**

1. Background

As part of the preparation of the forthcoming European Innovation Plan, it is appropriate to look back at Community policies in support of innovation in recent years, assess the progress made in their implementation and identify gaps and shortcomings. This is what the recent Commission's Communication ² is doing.

The assessment is mixed, with good progress in many areas, from the earmarking of funds in support of research and innovation in Cohesion policy to the establishment of the European Institute of Innovation and Technology or a European policy in support of industrial clusters. On the other hand, progress has not been so satisfactory in providing an adequate legal framework for the protection of Intellectual Property Rights, venture capital markets remain fragmented across the EU and the standardisation process needs to be brought more in line with research and industry needs.

In a context of economic crisis, it is time to step up a gear and propose an ambitious European Innovation Plan, which puts society at its heart and is oriented alongside the main societal challenges. The Commission will present this Plan to the Council in spring 2010 during the Spanish Presidency, in coordination with the new Lisbon Strategy for Growth and Jobs. Innovation policy should be more inclusive and allow all SMEs improve their access to innovation. The potential of the public sector as an engine for innovation should also be further untapped.

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Reviewing Community innovation policy in a changing world (doc. 12905/09)

2. Questions

1. What are the main strengths and weaknesses of present Community innovation policy, compared with the efforts of our global competitors?
 2. What should be the key elements of a successful future EU innovation policy, in particular of the forthcoming European Innovation Plan, to address our global challenges and to strengthen the EU's competitiveness and growth?
 3. What should be done to increase the innovation capacity of SMEs?
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