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Research and Development in the EU The Innovation Union

Lecture 8

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The Innovation Union

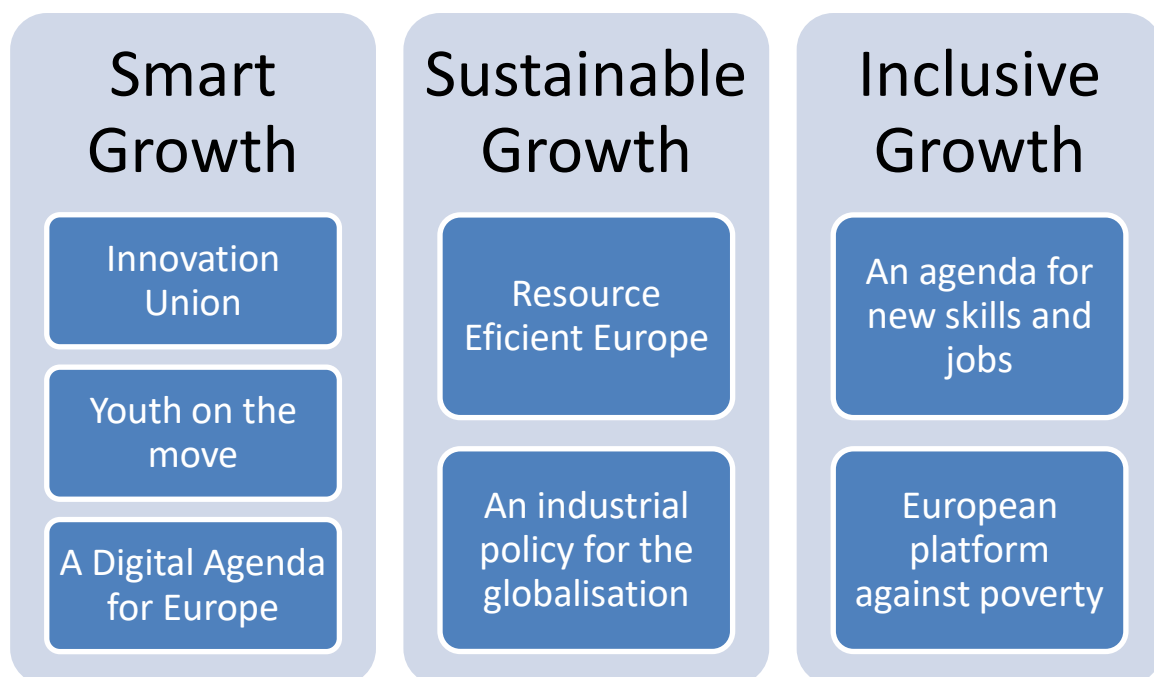
Lecture 8

In this lecture you will learn about:

- What the Innovation Union is
- Why does the EU need an Innovation Union
- What are the possible benefits of the Innovation Union

What is the Innovation Union?

To truly understand what the Innovation Union is, we have to go back a bit to Lecture 7 where we learned about the Europe 2020 strategy. That strategy has 3 main priorities and 7 flagship initiatives (EC 2010a):

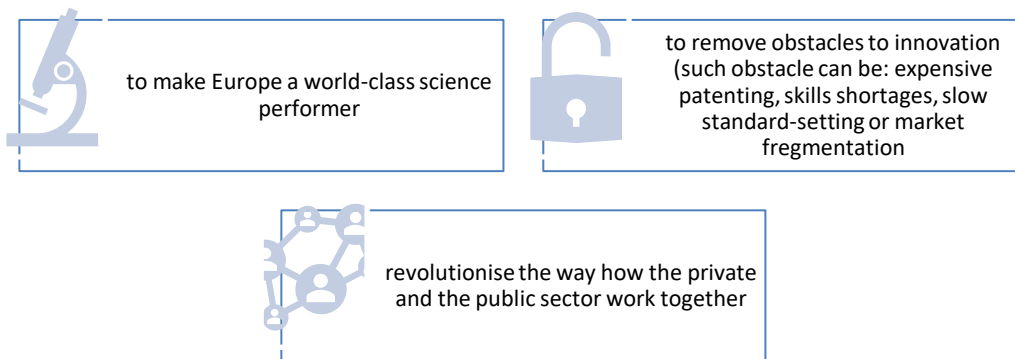


Flagship initiatives support the Europe 2020 strategy. They “provide a framework and a list of actions. Through them the EU and national authorities would mutually reinforce their efforts in the areas of innovation, the digital economy, employment, youth, industrial policy, poverty reduction, and resource efficiency.” (Andor 2014)

One such flagship initiative supporting Europe 2020 is the Innovation Union.

Innovation Union is one of the seven Flagship Initiatives for implementing the Europe 2020 Strategy. It has key importance in achieving smart, sustainable and inclusive growth. “It aims to improve conditions and access to finance for research and innovation in Europe, to ensure that innovative ideas can be turned into products and services that create growth and jobs.” (EC 2010b)

The Innovation Union has 3 main aims (EC 2013):



Besides these main aims, the Innovation Union has the purpose of creating jobs and growth too, doing it through the improvement of conditions and access to finance for R&D and innovation.

- The Innovation Union focuses is on innovations addressing major societal challenges described in Europe 2020 (e.g climate change, healthy living or energy efficiency). It uses a broad concept of innovation meaning that its innovation definition contains both improved performance of products, technological innovations resulting in increased efficiency in production processes and innovations in branding, design or business models but the broad concept includes also commercial, social or public

sector innovations. The Innovation Union involves all the actors and regions of the innovation cycle¹ (EC 2010b).

To implement the Innovation Union over 30 actions were taken. Out of these 30 actions the most relevant initiatives (building blocks) are the following. They can be grouped into 6 main categories:

I. Strengthening the knowledge base and reducing fragmentation

- Promoting excellence in education and skills development,
- Delivering the European Research Area,
- Focusing EU funding instruments on Innovation Union priorities,
- Promoting the European Institute of Innovation and Technology (EIT) as a model of innovation governance in Europe,

II. Getting good ideas to the market

- Enhancing access to finance for innovative companies,
- Creating a single innovation market,
- Promoting openness and capitalising on Europe's creative potential,

III. Maximising social and territorial cohesion

- Spreading the benefits of innovation across the Union,
- Increasing social benefits,

IV. Pooling forces to achieve breakthroughs: European Innovation Partnerships,

V. Leveraging policies externally,

VI. Making it happen

- Reforming research and innovation systems,
- Measuring progress (EC 2011).

Why does Europe need an Innovation Union?

In one hand, Europe's future, its economic growth is highly connected to innovation, to its innovativeness and for that the EU already has world-class companies, entrepreneurs and researchers and a unique strength of values, diversity, and creativity. On the other hand its

¹ An innovation cycle is a continuous cycle of discovery, development and commercialisation.

R&D&I activity has to be boosted as in this respect the EU is lagging behind the US, Japan or South Korea, but even behind some emerging countries like China that is catching up fast (EC 2013). Besides lagging behind, there are further challenges for the EU in terms of innovations. Private sector R&D is gradually outsourced to emerging countries. A portion of the best researchers and innovators are moving to other countries outside the EU where the environment is more favourable to conduct research showing that the EU's market is insufficiently innovation friendly. Moreover, only a very few innovative SMEs grow into big, globally recognized, and successful companies (EC 2010b).

These all are problems that have to be solved if the EU wants to be innovative. And it wants to be as innovation is key to achieve its goals (e.g. Europe 2020 goals)

Boosting our research and innovation performance is the only way for Europe to support sustainable growth and create good and well-paid jobs that will withstand the pressures of globalization. Currently Europe has many strengths but is in danger of lagging behind the US, while other countries are catching up fast" (EC 2010b).

The EU has successfully recognized these challenges and threats and that is why it came up with the idea of Innovation Union, that emphasizes exactly these problems and tries to solve them.

Why are the benefits of the Innovation Union?

The Innovation Union has several benefits both for citizens, for researchers or for entrepreneurs.

For **citizens and public authorities**, the Innovation Union is beneficial through the improvement of the quality of life or through job creation. For them, the Innovation Union means:

- greener Europe
- new solutions to help a healthier life and help us live longer
- better use of public money
- a smarter economy supporting the standard of living
- due to social innovations it also means the empowerment of citizens (EC 2013).

For **entrepreneurs and businesses**, the Innovation Union makes it easier to develop the companies or to market new ideas. For them the Innovation Union means:

- cheaper patenting
- improved access to finance
- innovation friendly regulations
- public sector's support for innovation
- accelerated standard setting
- facilitated access to the EU's R&I programmes (EC 2013).

For **researchers and engineers**, the Innovation Union simply means that they can conduct their research in Europe more easily. For them, the Innovation Union means:

- facilitated access to the EU's R&I programmes
- attractive careers for researchers
- enhanced private-public cooperation
- more open access to results
- improved cross-border mobility
- high standards trainings (EC 2013).

Questions for self-study

- What is the Innovation Union and why does the EU need it?
- What are the possible benefits of the Innovation Union for certain interest groups?

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