

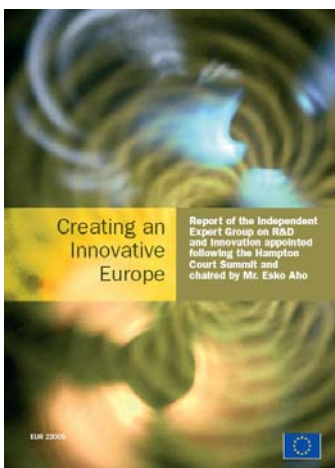
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Suomen itsenäisyyden juhlarahasto



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Creating an Innovative Europe Report of the Aho Group



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Aho Group

- **Mr. Esko Aho (Chairman)** - Former Prime Minister of Finland & President of the Finnish national fund for research and development (Sitra)
- **Dr. Josef Cornu** - Chairman of the information society technologies advisory group of the Commission (ISTAG), former President and COO of Alcatel Telecom, board member at Alcatel, KBC Group, AfgaGevaert, Barco & Arinso
- **Prof. Luke Georghiou (Rapporteur)** - Associate Dean for Research, Faculty of Humanities and PREST, Professor of Science & Technology Policy and Management, and Director of PREST, Manchester Business School - University of Manchester.
- **Prof. Antoni Subirá** - Former Catalan Government Minister of Industry, Trade & Tourism, Professor at the IESE Business School (Barcelona), Chairman of the Advisory Board of the competitiveness institute TCI, Board Member at Mercapital & Air Products.

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Negative trends

- Productivity falling behind
- Failing to capitalise on the application of ICT
- Losing out as large firms globalise their R&D
- Locked into unmodernised traditional sectors and under-investing in services R&D
- Rising demographic challenges

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A paradigm shift

- It is not possible to maintain European social values unless they are adapted to support our research and innovation strategies
- Europe requires a new paradigm of *mobility*, *flexibility* and *adaptability* to allow R&D and innovation to create the value that can support our quality of life

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Four-pronged strategy

- Simultaneous and synchronous actions are needed at all levels in:
 1. Creation of a market for innovative products and services
 2. Providing sufficient resources for R&D and innovation
 3. Improving the structural mobility of Europe, and
 4. Building positive attitudes and a culture favourable towards entrepreneurship and risk taking

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Innovation-friendly market

- Ambitious lead projects - *strategic areas*
- Harmonised regulatory environment - *anticipate needs*
- Ambitious use of standards-setting power - *reorganise processes*
- Intelligent use of public procurement - *more proactive*
- Globally competitive intellectual property rights system - *overcome the impasse*
- Fostering a culture that celebrates innovation

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Resources for R&D and innovation

- 3% as an indicator, not an end itself
- Maximising leveraging effect through
 - Supporting excellence generously
 - Smart use of R&D grants and fiscal incentives
 - Tapping the potential of philanthropy
- Enhancing science-industry collaboration
- Increasing the productivity of R&D in Europe
- Directing 20% of structural funds into research and innovation

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Structural mobility

- Mobility of human resources
 - Improve science-industry-government mobility
- Financial mobility
 - Strengthening VC market in Europe
- Organisational mobility
 - Technology platforms show the way
 - Clusters and regional agglomerations

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Creation of lead markets

- Demanding markets and public policy to play a significant role in e.g.
 - eHealth
 - Pharmaceuticals
 - Energy
 - Environment
 - Security
 - Electronic Entertainment and Content
 - Transport and Logistics

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Pact for research and innovation

- Builds on the achievements and on-going actions under revised Lisbon Strategy and National Reform Programmes
- Much stronger commitment is needed to adapt European economy to the new paradigm of Innovative Europe - a joint process!
- Independent panel to monitor progress
- A route which resonates strongly with the origins of European Union, Single Market and Common Currency
- ***Before it's too late!***