

COMMENTS REGARDING COMMUNICATION FROM THE COMMISSION „CONSULTATION ON STATE AID FOR INNOVATION“

Chapter 3.1. (38) and (39) and Questions 8) and 9)

In (38) two criteria - Start-up criterion and Innovativeness criterion – are presented to define a company as “innovative start-up”.

Two criteria if applied **together** become rather restrictive: only so called strategic innovators (according to CIS definitions) may become eligible at the same time pushing the other start-ups that have less market ambitions at the beginning phase beyond the scope of possible aid. Especially, this is valid in the regions with a lower density of high-growth, knowledge-based companies and R&D where more general support increasing innovation demand within businesses is to be encouraged. Therefore, in these, less developed regions the market failure – difficulties in setting-up innovation-oriented firms - may not decrease, but on contrary may expand.

The given definition of technological innovation within the Innovation criterion, as „... compared to the state of the art in its industry in the Community“ may be understood as very limiting scope of innovative products/processes **if understood in pure geographic terms**, that is, as innovative „on EU market level“. (The same definition of innovation is used in chapter 3.3. where the aid to innovation projects is considered).

The geographical requirement should be **clarified**, and it might be structured to include all “innovativeness levels”: Community, metaregion, country, region, company. In addition there could be possible different levels of aid intensity and amount **in proportion** to the risk of “innovativeness”.

In addition, using the R&D expenses only may prevent innovative start-ups that are based on “innovation diffusion” as a source of their innovation activity. Instead, more broad term of innovation expenses could be used.

Chapter 4.1

The strict definition of “innovation support services” is essentially limiting the scope of innovation support activities that could be developed in a region. In particular, the usage of wording “innovation intermediary” is unjustifiable as it implies that the only type of bridging institutions could be named as “innovation intermediary” (defined in Consultation predefined type of specialised services plus predefined and limited type infrastructure facilities).

Especially, this is valid in regions, in particular new member states where BICs do not exist and/or another models and infrastructure are being considered to assist companies in their innovation, e.g. for instance, clusters, technology parks, technology transfer centres, joint public-private capacity building projects.

General comment. Innovation cohesion.

The Consultation almost does not touch regional dimension, nor Community “innovation cohesion”. The problems identified in the Annex are even more serious in new member states or less developed regions of EU-15. New member states are facing general development and transition issues aiming at change of industrial fabric towards higher added value, knowledge-based manufacturing and services (“innovation cohesion”). In particular, the innovative companies in new EU-10 are even more restricted in access EU product markets.

It could be considered that the principles and rules that are exposed for Consultation are essentially limited to so called high-tech innovation, and Consultation is focused on innovation issues faced by developed regions. More horizontal approaches, e.g. aid to increase of innovation

demand by support to technology transfer, management innovation, etc. that could be used in regions are missing. It could happen so, that problems identified in Annex and justified as market failures will be not overcome in less developed regions even using structural funds as “innovation cohesion” will not be achieved and “innovation divide” will grow measured by Innovation Scoreboard.

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