



## **Response to: European Commission, Directorate General for Competition,**

### **Consultation Document on State Aid for Innovation**

- 1     Euromontana is the European multisectoral association for cooperation and development of mountain territories. It embraces regional and national mountain organisations throughout greater Europe, including regional development agencies, local authorities, agriculture organisations, environmental agencies, forestry organisations and research institutes.
- 2     Euromontana's mission is to promote living mountains, integrated and sustainable development quality of life in mountain areas.

As the EU State Aid rules are designed to regulate public interventions into competition and trade, this has a significant impact on the network's activities in each of its fields of interest. Among our members there is considerable experience of the application of the rules and a keen interest in the revisions currently under consideration in the "Roadmap".

Euromontana welcomes and supports the proposals of the European Commission on State Aids and Innovation. Innovation is crucial for the future of Europe and none less so for the future of Europe's Mountain areas. Considering the quite technical nature of the Commissions proposals and the large variety of organisations and sectors represented in our organisation, Euromontana would just like to make two points.

In our view the strength of Europe is in its diversity and this strength of the European model should also be recognised in the field of innovation. No-one can predict where innovation comes from and therefore it needs to have the opportunity of coming also from outside the large agglomerations. Some areas, such as the mountain areas, due to higher costs may in practice be deselected from the innovation process if it is not subtly supported. After all, the aim is to increase the total volume of innovation through Europe.

Indeed difficulties and impediments and the necessity of finding solutions to these difficulties can be drivers of innovation. The natural handicaps, distance and difficulty of access, severe climatic conditions, sparse population and fragile environment in the mountain areas raise the cost of any activity in the mountain areas, but on the other hand these same factors can be drivers of innovation that bring benefits beyond these areas. Due to the increased costs in these areas innovation primarily needs some extra support especially in terms of intermediaries and in the provision of infrastructure that supports innovation.

**Euromontana therefore supports regional bonuses especially for natural handicap areas such as the mountain areas.**

Euromontana supports the Commission's proposal to support clustering mainly through support to the technology transfer, intermediaries, and infrastructure generating positive externalities and not through the companies themselves. In our view support to the companies themselves is likely to create a market failure. In a same logic, Euromontana states that innovation support to large companies must be if anything very exceptional and concentrate more on the conditions of innovation such as the regional differences mentioned above. In general large companies should be able to fund their innovations activities on their own.

**Euromontana supports authorising State Aid to non-technological innovation, especially in the services sectors.** In our view it would be too narrow-focused to think that innovation can only come in high-technology. In fact our economies are driven more by services. Examples in the fields of food-industry and production, health and environmental sector illustrate that not all innovations necessarily involve high-technologies. However, these are the sectors with enormous growth potential for Europe in the future. In for example remote delivery of services not only the technology used is an innovation, but also the new kind of methodology and organisation of work.

Brussels, 21.11.2005