RESPONSE

I have a suggestion to make to deal specifically with a spin-out technology from either a university or a private R&D company - In these cases, State Aid (SA) could take the form of venture capital to assist a risky venture. A SA provider could provide a subsidy to lower the risk of a new venture to exploit a new technology or an existing technology in a different way. If the venture fails, the SA is written off. If it succeeds wildly, the SA is repaid at a reasonably high rate of return. This would be on top of the normal technology licence agreement between the patent holder and the exploiter. The SA provider will probably be a third party.

Such a proposal would have to be hedged about with restrictions and must involve an independent SME. No-one would want to see this kind of provision assist a Unilever or a BAE Stystems exploit its own product directly. However, it could encourage such companies to allow spin out SMEs to do so.

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1. Consistent application of the State Aid rules across the EU is most important and there is a widespread perception that it does not happen at the moment. Therefore "additional flexibility for state aid to **risk capital**: .... notably for the very early project stages (where private investors are extremely reluctant to invest) .... and for the development phase" should be carefully drafted to ensure there is no back door to subsidising large national lame ducks with white elephant projects (excuse mixed metaphor).
2. I suggest under "subsidies for **SMEs** to **buy services from innovation intermediaries**" it is refreshing to find tangible help to SME's being proposed in the shape of "vouchers of €200,000 to buy such services office space, data banks, testing and certification". There seems already rather a lot of EU support for "strategic advice, training, networking, consultancy" which is good for consultants but it is not always as easy to demonstrate value for public money which the SME receives.

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