

ORIGINAL

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State Aid Greffe
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Our Ref: ER7.3/KM
Your Ref:
Date: 16 December, 2005

Dear Sir

Consultation on State Aid for Innovation

On behalf of the Highland Council I would like to apologise for the lateness of this response to your request for comments on the proposals to revise the guidelines governing State Aid for Innovation.

The Commission's proposals to assist the stimulation of innovation in the European economy are to be welcomed. The Lisbon Agenda agreement which seeks to make Europe the most dynamic and competitive knowledge based economy in the world is underpinned by support for innovation. Here in the Highlands of Scotland if we are to continue to grow successful businesses then the encouragement of innovation will be crucial, especially in the development of better products and services and in more environmentally friendly processes.

Emerging economies such as those of India and China are increasingly becoming world centres for innovation and research. These low wage economies are a serious threat to the long term economic development of areas such as the Highlands. In order to combat this Member States have to be able to utilise state aid rules that allow them to develop schemes aimed at encouraging innovation and research.

The proposal that state aid rules for innovation be retained within existing guidelines and that a new framework governing state aid for innovation is not established are entirely consistent with a need to simplify the whole state aid process and are to be welcomed.

The Peripheral location of the Highlands, which is becoming more acute given the enlargement of the Community brings with it particular problems. State aid mechanisms need to remain flexible enough to allow agencies in the Highlands to respond to geographical disparities as required. Regional bonuses can help to maintain a level playing field throughout Europe and should be retained as part of the state aid rules governing the provision of state aid for innovation.

The proposals to allow investment aid to support innovation intermediaries that offer infrastructure and businesses services is one that we would be keen to see developed. The Highland Council has considerable experience of assisting business start ups and in supporting the development of business incubators. As the host organisation for the Euro Information Centre in the Highlands and Islands of Scotland through our development arm Highland Opportunity Limited we would be keen to become involved in providing these specialist services to Highland businesses. When the ideas contained in this consultation paper are read in conjunction with proposals to develop a new network, the Programme for Competitiveness and Innovation (CIP) the case becomes even stronger.

Finally, the Highlands are a sparsely populated area with a population density of 5 people per Kilometre. The University of the Highlands and Islands Millennium project is on track to establish a fully accredited University in the area within the next ten years. However, businesses in the area do have a problem in attracting and retaining highly skilled graduates. In the long term we hope that we will be able to provide the necessary high quality educational establishments that can allow us to train our own qualified researchers, engineers and skilled workers. In the medium term however the proposals contained in this consultation document to allow state aid to be used to assist companies attract skilled workers from inside and outside the EU are to be welcomed.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Mike Greaves', with a horizontal line underneath.

MIKE GREAVES
Head of Development & Strategy