



Gabinete de Relações Internacionais da Ciência e do Ensino Superior
MINISTÉRIO DA CIÊNCIA, TECNOLOGIA E DO ENSINO SUPERIOR
Portugal

21th November 2005

Some answers to the Communication from the commission “Consultation document on state aid for Innovation”

Question 1)

It is important to keep a close connection between Framework for R&D and the one for Innovation

Question 2)

The identified problems in the Annexe are really hurdles to innovation. Nevertheless, we would like to stress that poor Academia-industry interaction and the lack of private funding for R&D are for sure key barriers to innovation. Not only to start-ups as to SME's that intend to be innovative and do not find the right finance scheme or the right Academia interlocutor.

Question 3)

It is an adequate approach because the measures are well balanced between identified problems and the accepted criteria to preserve competition.

Question 4)

The large companies in Europe are extremely important to stimulate innovation in a broad sense and in particular to push for SME's to the innovation process. Therefore, state aid to large companies should be subject to a case-by-case stricter analysis

Question 5)

State aid to non-technological innovation may be justified. The case of services sectors is one where it has been shown that there is important room for innovation namely on the field of certain domains of software. The criteria for public support to innovation on services sector should be similar to the ones based on technology: to make feasible innovative activities that without public support would not likely go ahead. The interest for public policies could also be a

criteria for support. Therefore, it could be wise to be particularly cautious with public aid to innovation on services, by requiring the demonstration that public support is a pre-requisite or a necessary condition for the development of the new innovative service.

Question 6)

There are regions that geographically are prone to have special difficulties like lack of graduate people or environmental infrastructures that only with bonuses or different eligible costs may overstep those barriers.

Question 7)

There are companies that for specific innovation activities are choosing different supporting measures. Companies that intend to subcontract specific R&D tasks may choose tax rebates instead others that intend to maintain a lasting connection with R&D performers will choose other types of aid like repayable advances.

Question 8)

In the biotech and pharmaceutical sectors, it may occur that after several years the company doesn't have any product in the market. So the obstacle will come later when they are poised to growth, because they are much more near to the market and the money runs. In comparison in ICT's companies if they do not have a product at the end of the first year they are facing not a finance problem but a R&D problem.

Question 9)

A critical problem in relation to start ups is that public programmes some times do stimulate the early stage of start ups but are not able to back a phase of gain of scale of the firms. As a result, the initial public support is somehow wasted. For sure, the criteria for support to some kind of consolidation/gaining of scale phase should not exclude, in any circumstance, the demonstration of a permanent search of innovative products or processes.

Question 10)

Loan guarantees at favourable conditions for R&D investment should be considered in connection with integrated programmes of financial and advisory support.

Question 11)

Almost all the provisions displayed can help to boost the involvement of SMEs in launching innovative products in the market. The limit of aid intensity for SMEs should be higher than 15%, namely whereas innovative products or processes are closely associated to R&D activities (in particular, linked to national public or EU programmes)

Question 12)

The extension of these provisions to large companies is appropriate with a modulation of the level of the state aid intensity that should be lower than the one for SMEs

Question 13)

Innovation intermediaries which merge should benefit from state aid since it is demonstrated that they really will get an enhanced potential to induce innovation

Question 14)

There is evidence that the recruitment by SMEs of highly skilled personnel should indeed be covered by state aid

Question 16)

The cluster activities should correspond to a clear strategy for innovation that has to be demonstrated

Question 17)

The Centres of Excellence should benefit from state aid, namely when they keep an international dimension

Question 18)

The concentration of resources in a limited number of poles of excellence should be dealt with care, so that the excess of fragmentation might not to be replaced by an excess of concentration

Question 19)

Additional provisions for infrastructures that support innovation through state aids are justified when there is a demonstration that they enhance the potential to innovate

Question 20)

The state aids to large firms should be considered with caution. In any circumstances, the level of aid intensity should be lower than the one for SMEs

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