

“*Consultation State aid for Innovation*” by email to STATEAIDGREFFE@CEC.EU.INT or by post to: DG Competition, State Aid Greffe, SPA 3, office 6/5, B-1049 Brussels, Belgium.

## **Response Document**

### Introduction

This response document is the result of discussion by a group of 14 partner organisations that have commenced working on an EU project under the 6<sup>th</sup> Framework Programme. The project is a Specific Support Action, entitled: ***An Innovation Strategy to integrate industry needs and research capability in the European Forestry-Wood Chain*** ( “InnovaWood SSA” no. 515044). The project comprises 14 partner organisations from 10 European countries.

As can be seen from the title of the project, the focus of this project is the forestry-wood sector. The main aim is to identify gaps between industry needs and research capability in the sector and to develop strategies that will help bridge those gaps. The partners believe that there is a strong link between the purpose of our SSA project and the topics discussed in the Communication from the European Commission. For this reason we gave over two hours of our meeting to a discussion on the Communication document. This response summarises the output from that discussion.

Not all questions were answered during the discussion.

We hope that the contribution will be useful to those who have the task of taking this to the next phase.

### Overall comments

The overall view was that while the communication covered many of the main issues, some elements were not well covered. These are:

- Regional development and regional differences need to be taken into account. This means that policies need to be flexible in order to deal effectively with these differences.
- Differences between incremental and breakthrough innovation should be taken into account of and perhaps should be supported in different ways
- It is not clear whether or not sectors that are perceived as more “traditional” are being identified and considered as requiring special attention

### Question 2

In general the view was that the problems identified in the Annex are accurate. There was particular agreement with problem number 5 which is very much in line with the objectives of the SSA project.

### Question 3

Yes, however the rules should be set at such a level as to allow flexibility in approach.

#### Question 5

A question was raised about whether or not design and marketing innovation were treated in the same way as manufacturing innovation when it comes to state aid. This is of particular importance to the likes of the furniture sector in Europe.

#### Question 6

The view among the group was that rules should differ based on regional differences and clustering. In certain cases in our sector, differences can occur based on location of raw material (trees) which can be cross –border as well as country specific.

#### Question 7

The view from those representing SMEs was that tax rebates can often be more attractive than other types of aid.

#### Question 8

As mentioned earlier, account should be taken of regional differences and traditional Vs high-tech sectors.

#### Question 11

Two issues were highlighted. Firstly, every effort should be made to minimise the level of beaurocracy involved for SMEs; secondly a clear policy that gives credit for non-technical innovation should be included.

#### Question 16

The example of Science Parks in Sweden was quoted as a model for effective clustering.

#### Question 19

Supports for the development of “green” chemistry should be included. The sustainability of such developments should provide strong arguments for support.