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Bundesministerium für Wissenschaft und Forschung

# **Innovation Union: Austrian Status Report 2013**

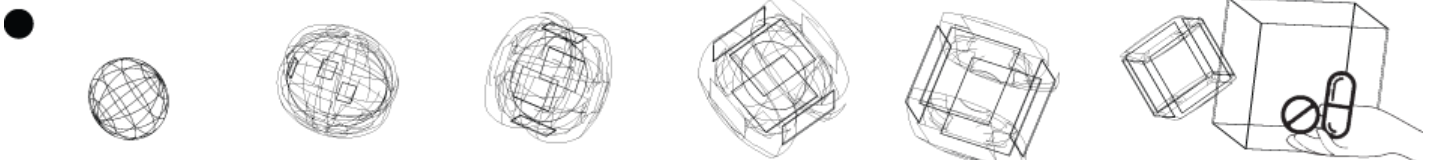


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This report constitutes a working paper on staff level providing an overview on Innovation Union activities in Austria and Europe. It has been edited by the Austrian Federal Ministry of Science and Research and is based on contributions by:

Austrian Federal Chancellery

Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management

Austrian Federal Ministry of Economy, Family and Youth

Austrian Federal Ministry of Science and Research

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## **Introduction**

The Innovation Union flagship initiative is about creating an innovation friendly environment in Europe. Its aim is to improve conditions for research and innovation in a way that new products and services evolve and contribute to growth and employment. To this end the European Commission and Member States agreed to engage in 34 fields of action. The role of Member States and their regions is to reform their systems in identified fields. The European Commission's role is to coordinate the actions, assist with the implementation by e.g. supporting the exchange of best practices, and monitor progress.

This second Status Report on the implementation of the Innovation Union in Austria describes the main fields of action in 2013. Each chapter provides an overview on activities carried out on the European level and then refers to the national level.

### **Strengthening the knowledge base and reducing fragmentation**

Modernisation of education systems, excellence as the guiding principle, more world-class universities, raising skill levels and attracting the best talents from abroad are subgoals of the Innovation Union Initiative. Action fields 1 to 3 of the Innovation Union Communication describe a set of measures to achieve these goals mainly addressing Member States level.

The Austrian Government has put in place a range of measures aimed at training enough researchers to meet its R&D targets and at promoting attractive employment conditions in public research institutions. Programmes and initiatives aim to implement the strategic objectives, to train enough researchers to reach Austria's R&D targets, to promote attractive working conditions, and to address gender and dual career aspects. The working group on Human Potential within the framework of the Austrian RTD Strategy formulated its first recommendations on existing and planned measures in the field of MINT (Mathematics, Informatics, Science, and Technology) at the end of 2012. Gender aspects have been taken into account by introducing and continuing a variety of measures in Austria, which aim at raising the proportion of women in high level positions in research, technology and innovation.

The e-skills strategy of the European Commission is implemented in the framework of the Flagship initiative "Digital Agenda for Europe". In March 2013, the Commission launched the initiative Grand Coalition for Digital Jobs, which aims to counteract the impending lack of ICT specialists at the EU level. Austria supports these objectives and the Austrian Federal Chancellery will discuss with all relevant stakeholders how these initiatives can be implemented within the country.

To achieve the goal of raising digital competencies (e-skills), the Austrian Ministry of Education, the Arts and Culture has launched a set of initiatives. The *digi.komp* project defines digital competences for secondary school level ([www.digikomp.at](http://www.digikomp.at)) and the *efit21 concept* focuses on the integration and use of new information and communication technologies in the Austrian education, arts and cultural facilities. Another measure driving e-skills forward is the promotion of the ECDL (European Computer Driving Licence) in Austria.

**Box 1 > efit 21 Digital Agenda for Education, Arts and Culture <http://www.efit21.at>**

*Learning in a digital world – the shift of information and knowledge society does not stop short of the education system: communicating, teaching and learning are changing noticeably as a consequence of digital and information technologies. The Internet's “publication feature” has been further enhanced by newly developed portals and is becoming interactive. Communicating is moving to the forefront.*

The Innovation Union requires to complete the **European Research Area** by 2014 (Commitment 4). To achieve this, the European Commission has launched a renewed partnership with Member States as well as European stakeholder organisations in 2012. In 2013, for the first time a Progress Report has been published. It presents an overview on activities and progress made by Member States in terms of ERA priorities. Also for the first time, ERA measures have been included in the National Reform Programmes. Commitment 5 refers to European research infrastructures. World class research requires world class infrastructure. In the last few years the European Strategy Forum on Research Infrastructures (ESFRI) has developed a long-term process for establishing European research infrastructures. In a step-by-step mode ESFRI has set up a roadmap including 48 research infrastructure projects. Commitment 5 schedules that 60% of the priority European research infrastructure identified by ESFRI should be launched by 2015. Austria participates in 9 ESFRI projects.

**Box 2 > BBMRI (Biobanking and Biomolecular Resources Research Infrastructure) <http://bbmri-eric.eu>**

*BBMRI was one of the first projects entering the European Research Infrastructure preparatory phase of the ESFRI roadmap funded by the European Commission Over the past 3 years BBMRI has grown into a 54-member consortium with more than 225 associated organisations (largely biobanks) from over 30 countries, making it one of the largest research infrastructure projects in Europe.*

*On 22 November 2013, BBMRI was officially awarded the Community legal framework for a European Research Infrastructure Consortium (ERIC). This specific legal form is designed to facilitate the joint establishment and operation of research infrastructures of European interest. The Mission of BBMRI-ERIC is to increase efficacy and excellence of European bio-medical research*

- *by facilitating access to quality-defined human health/disease-relevant biological resources*
- *including associated data in an efficient and ethically and legally compliant manner,*

- *by reducing the fragmentation of the bio-medical research landscape through harmonization*
- *of procedures, implementation of common standards and fostering high-level collaboration,*
- *by capacity building in countries with less developed biobanking communities thereby*
- *contributing to Europe's cohesion policy and strengthening the ERA*

## A new EU Programming Period

EU funding instruments should be focused on Innovation Union priorities. When designing the next programmes for the period of 2014 to 2020 this has been taken into account. The new EU Programme for Research and Innovation, **Horizon 2020** was adopted at the Council Competitiveness on 3 December 2013. It covers parts of the former CIP („Competitiveness and Innovation Programme“) and includes the EIT („European Institute for Innovation and Technology“). Due to these novelties, Horizon 2020 covers the whole innovation cycle and funding will be available from basic research to market introduction.

The Programme consists of three pillars. The first pillar, „Excellent Science“, will contribute to strengthening Europe’s science base, its pioneer research and its excellent research performance. It will support Europe’s best talents in research and enable researchers to access high class research infrastructures. The goal of „Industrial Leadership“, the second pillar, is to increase the innovation performance of European industries and of small and medium enterprises (SMEs). By investing in key technologies such as ICT or nanotechnologies, Horizon 2020 contributes to boosting innovation in these areas. Access to finance will be supported by venture capital activities and risk finance instruments.

The third pillar takes into account the „Societal Challenges“ and addresses the following seven topics,

- Health, demographic change and wellbeing
- Food security, sustainable agriculture and forestry, marine and maritime and inland water research and the bioeconomy
- Secure, clean and efficient energy
- Smart, green and integrated transport
- Climate action, environment, resource efficiency and raw materials
- Europe in a changing world – inclusive, innovative and reflective Societies

Secure societies – Protecting freedom and security of Europe and its citizens

Consistent with the grand challenges listed above, the **European Institute of Innovation and Technology (EIT)** has been integrated into the programme. The EIT will launch three more

calls for five new „Knowledge and Innovation Communities“ (KICs) during Horizon 2020, namely in 2014, 2016, 2018:

- Innovation for healthy living and active ageing (Call 2014)
- Raw materials: sustainable exploration, extraction, processing, recycling and substitution (Call 2014)
- Food for Future - sustainable supply chain from resources to consumers (Call 2016)
- Added-value manufacturing (Call 2016)
- Urban Mobility (Call 2018)

In order to tackle the grand societal challenges, Horizon 2020 will also support Joint Programming Initiatives set up by Member States.

„Simplification“ was a key issue during the negotiations of Horizon 2020 due to strong demands of the research community. As a consequence, some important changes have been introduced to the rules for participation, e.g. simplified funding rates.

A more simple access for and a greater **involvement of SMEs** is another goal of the Innovation Union. Consequently, in Horizon 2020 an SME specific instrument has been introduced. Besides that, targets have been agreed upon. 20 % of the budget of pillars 2.1 (LEIT) and 3 should go SMEs.

### **Access to Finance**

"Access to **Risk Finance**" is an important element of both Horizon 2020 and CoSME (EU Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises). Around 3.7 % of the total budget of Horizon 2020 is reserved for both debt-/guarantee- and equity-based financial instruments. They will be implemented by the European Investment Bank (EIB) and the European Investment Fund (EIF). Smaller amounts will be provided by national intermediaries. For the CoSME around 60 % of the total budget shall be allocated for financial instruments (Equity Facility for Growth and Loan Guarantee Facility).

Based on the European Commission's Action Plan to improve access to financing for SMEs and the Single Market Act, on 17 April 2013 the European Parliament and the Council published the Regulation on European **Venture Capital Funds** (EUVECA). In parallel, the Regulation on European Social Entrepreneurship Funds (EUSEF) was published.

The key elements are:

- Improving access to equity-based financial instruments for SMEs

- Establishing a common framework to guarantee equal conditions for fund managers within the European Union ('European passport')
- Defining common standards for e.g. portfolio composition, investment techniques, eligible investment targets, protection of investors
- Uniform requirements of registration monitored by ESMA

The elimination of unfavourable cross-border tax obstacles - as mentioned in the outline above - is not part of this regulation. However, a public consultation process dealing with "Tax problems linked to cross-border venture capital investment" was conducted between August and November 2012 to present solutions in 2013 aimed at eliminating such obstacles without facilitating tax avoidance and evasion.

### Getting good ideas to market

In December 2013 the Commission published a Communication concerning the prolongation of the application of the current Community framework on **State aid** for Research, Development and Innovation (RDI) until 30 June 2014. At the same time the Commission also published the prolongation of the application of the general block exemption Regulation until 30 June 2014. On 20 December 2013 the Commission launched the Public Consultation of the Draft Proposal on the new EU state aid rules for RDI to the EU Member States for discussion. It is foreseen that the new EU state aid rules for R&D&I will be finalized in summer 2014.

Concerning the **Unitary Patent**, two EU-Regulations were adopted in December 2012 by the European Parliament and Council. In February 2013 the International Agreement on a Unified Patent Court was signed by 25 Member States. For this „patent package“ to be implemented, it is required that at least 13 Member States – among them Germany, France and the United Kingdom – ratify the Agreement on the Unified Patent Court. Austria finished its national ratification procedures very efficiently in summer 2013 and is therefore the first Member State that has ratified the Agreement.

In terms of **public procurement** the Commission has put in place a spate of different initiatives and actions stimulating demand-side innovation policies in general and public procurement to foster innovation in particular e.g. the Lead Market Initiative trying the prioritising of policy instruments (legislation, public procurement, standardisation and complementary actions) in 6 selected markets<sup>1</sup>. In September 2012 the Commission carried out a public consultation on demand-side innovation policies. In order to address barriers, good practice, common development of pilots and issues of relevance, the Commission has launched specialised networks and projects of public procurers. Austria is participating in some of these projects. In February 2012 the Commission published a "Feasibility Study on

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<sup>1</sup> [http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/final-eval\\_en.htm](http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/final-eval_en.htm).

Future EU Support to Public Procurement of Innovative Solutions"<sup>2</sup> which was discussed in the European Parliament.

Since 2011 the European Commission has been piloting the European Public Sector Innovation Scoreboard (EPSIS) as a first basis to benchmark **public sector innovation** in Europe. Public procurement plays a significant role in the set of indicators. The EPSIS should be further developed in 2014 and 2015.

As part of these developments, the Austrian government adopted an "Action Plan on Public Procurement to Promote Innovation (Leitkonzept für eine innovationsfördernde öffentliche Beschaffung) in September 2012. The process towards this strategy was conducted by the Ministry of Economy, Family and Youth (BMWFI) and the Ministry of Transport, Innovation and Technology (BMVIT).

**Box 3 > Austrian Action Plan on Public Procurement to Promote Innovation**

*The main objectives of the Action Plan are:*

- to encourage industry to develop and deliver innovative goods/services (reference or leading markets)
- to supply public bodies and citizens with sophisticated and (eco-)efficient goods/services. In implementing this strategy, preferential treatment is given to the following actions:
  - establishing a service point at the Federal Procurement Agency (BBG) (conducted in November 2013) and corresponding PPPI centers of competence,
  - launching pilot projects,
  - addressing innovation as a secondary procurement objective (in analogy to ecological, social and SME-related issues) in the legal framework (Bundesvergabegesetz) (conducted in July 2013), and
  - improving the system of data collection and of measuring innovation in public procurement.

In its Communication of the Innovation Union the European Commission states that design is of particular importance and is recognised as a key discipline and activity to bring ideas to the market, transforming them into user-friendly and appealing products. The Commission committed itself to set up a European Design Leadership Board and a "European Design Excellence" label. As part of the follow-up to the Green Paper on cultural and creative industries, the Commission has established a European **Creative Industries** Alliance to develop new forms of support for these industries and to promote the wider use of creativity by other sectors in 2012.

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<sup>2</sup> [http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/files/meeting-procurement-feb2012/study-eu-support-public-procurement-innovative-solutions\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/files/meeting-procurement-feb2012/study-eu-support-public-procurement-innovative-solutions_en.pdf)



In order to establish a platform for Austrian design for international concerns, the activities of the Austrian Design Net (AND) - starting in 2012 - should be continued in 2014 (with a certain focus on the participation at one of the activities within the frame of the World Design Capital Capetown in 2014). In this context the Austria Design Net might be supported by the Ministry of Economy, Family and Youth within the scope of its programme "evolve" that promotes the creative industries in Austria. One of the tasks of the AND is to organize international actions in the area of design and function in general as a portal for Austrian designers concerning international activities.

**Box 4 > evolve - creative industries in Austria [www.evolve.or.at](http://www.evolve.or.at)**

*In general, "evolve" promotes creative entrepreneurs on the basis of a package of measures tailored to their individual needs in all sectors and to inspire services and know-how of the creative industries (design, multimedia etc.) promoting innovation in the so-called "traditional" sectors, particularly SMEs. To support these co-operations, a creative industries' voucher (Kreativwirtschaftsscheck) was launched last year.*

*Besides the direct (monetary) support of companies or projects in the creative sector (as in the "impulse" programme), "evolve" provides a broad range of services and also takes measures to strengthen public acceptance and awareness of creative goods and services and to raise the visibility of the creative industries on both the national and international level.*

As regards **Open Access** to the results of publicly funded research the European Commission has taken up this issue as a priority of the ERA Partnership. Subsequently, the Commission has published a 'Communication towards better access to scientific information' , accompanied by a "Recommendation to Member States on access to and preservation of scientific information".

In Austria, the Austrian Sciences Fund (FWF) finances open access publications along the Gold Road since 2003. In 2012 the FWF spent 1.6 m Euro for 900 open access publications. Recently, the Federal Ministry for Science and Research together with the FWF has launched an initiative for open access journals in the humanities and social sciences. Furthermore cooperation between universities in the field of open access has received increasing attention in the ongoing performance agreements. At the end of 2012, a networking initiative– the Open Access Network Austria – was established as a joint activity under the organisational umbrella of FWF and UNIKO (Universities Austria).

**Box 5 > OANA - Open Access Network Austria [www.oana.at](http://www.oana.at)**

*The mission of OANA is to develop specific recommendations for the implementation of Open Access in Austria. It does not represent all relevant organisations in Austria, but considers itself as a working group of experts on Open Access. The network ties in with the Uniko Open-Access Recommendation and the FWF position paper on Open Access. Its tasks are:*

- *Coordination of and recommendations for the Austrian OA-task/ activities of the research institutions, funding organisations and research policies (incl. taking into account international developments).*

- *Positioning towards the information providers (mainly publishing houses).*
- *Contact persons and source of information for scientists, research institutions and (research-) policies.*

The Austrian Strategy for Research, Innovation and Technology (“Becoming an Innovation Leader”) as well as the Austrian National Reform Plan stress the importance of the **transfer of knowledge** to companies and the increased use of the scientific research base. In the framework of the National Strategy for Research, Innovation and Technology, a governmental working group on “Knowledge Transfer and Start-ups” has been established. Many of the recommendations and “best practice” examples mentioned in the EU’s IP Recommendation have been implemented on the national level. In 2013, the project IPAG (Intellectual Property Agreement Guide) was launched. It provides a set of intellectual property agreements helping the most appropriate model contract to be selected. The use is voluntary. The model contracts were developed by all relevant stakeholders including SME’s, industry and public research organizations and universities. The National Strategy strives for continuing existing measures to intensify the transfer of knowledge and technology faster and more effectively and to further strengthen strategic cooperation by, among other things, setting up knowledge transfer centres.

**Box 6 > Knowledge Transfer Centres and IPR Exploitation** [www.awsg.at/wtz](http://www.awsg.at/wtz)

*The Federal Ministry for Science and Research and the Federal Ministry for Economy, Family and Youth have jointly developed a new funding programme “Knowledge Transfer Centres and IPR Exploitation”. The purpose of the programme is to optimise the translation of scientific knowledge into economic practice thus enhancing the creation of value in Austria. It consists of the following modules:*

*Modul 1a Regional Transfer Centres*

*Modul 1b Thematic Transfer Centres*

*Modul 2 Patent Facilitation*

*Modul 3 Prototyping*

## **European Innovation Partnerships**

European Innovation Partnerships (EIPs) have been established to renew the way public and private sectors work together. Their goal is streamlining, simplifying and better coordinating existing instruments and initiatives and complementing them with new actions where necessary. EIPs are launched in clearly defined areas to tackle the grand challenges and strengthen Europe's competitiveness.

Existing initiatives such as Joint Programming shall be involved and actors covering the whole innovation chain from research to end-users shall be brought together.

By 2013, the following 5 European Innovation Partnerships have been launched:

### Active and Healthy Ageing

As a pilot, EIP „Active and Healthy Ageing“ was launched in 2012 . Its principal target is to increase the average healthy lifespan by two years by 2020. It aims at improving the sustainability and efficiency of social and health care systems and at boosting and enhancing the competitiveness of the markets for innovative products and services, responding to the ageing challenge on both EU and global level, thus creating new opportunities for businesses.

### Agricultural Productivity and Sustainability

The European Innovation Partnership (EIP-AGRI) on Agricultural Productivity and Sustainability was launched in 2012 and works to foster competitive and sustainable farming and forestry that 'achieves more and better from less'. It contributes to ensuring a steady supply of food, feed and biomaterials, developing its work in harmony with the essential natural resources on which farming depends.

Austria implements EIP-AGRI within the framework of the programme for rural development („Programm zur Entwicklung des ländlichen Raumes 2014-2020“) which is under the responsibility of the Federal Ministry of Agriculture, Forestry, Environment and Water Management. Support is given to operational groups testing innovative practices und bringing together farmers, researchers, consultants, enterprises and NGOs.

### Raw Materials

The aim of the EIP on Raw Materials is to reduce the EU's dependency on imports of raw materials, to promote production and exports both by improving supply conditions from within and outside the EU and by providing resource efficiency and alternatives in supply. It will also play an important role in meeting the objectives of the flagship European Commission initiative “Resource Efficient Europe” by ensuring the sustainable supply of raw materials to the European economy whilst increasing benefits for society as a whole.

In Austria the Federal Ministry of Economy, Family and Youth involves stakeholders by continuously providing information, setting up non-technological measures. The Austrian Minister of Economy, Reinhold Mitterlehner is a member of the Raw Materials High Level Steering Group.

The Federal Ministry for Transport, Innovation and Technology contributes to the EIP via its programme "Produktion der Zukunft" (Production of the Future). Furthermore, Christian Doppler Laboratories, universities, notably the Montanuniversität Leoben and the Vienna University of Technology, the Geological Survey of Austria and other research institutes contribute to EIP goals.

### Water

The EIP Water aims to speed up development of water innovation, to contribute to sustainable growth and employment and to stimulate market and society to adopt of water innovations. It supports the creation of market opportunities for these innovations, both inside and outside of Europe. Its implementation has started in May 2013 with the main objective to initiate and promote collaborative processes for change and innovation in the water sector across the public and private sector, non-governmental organisations and the general public.

The Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management follows the activities of the EIP Water and informs Austrian stakeholders. Two other actors, representing the Austrian water industry are active in EIP Water: ÖWAV - Österreichischer Wasser – und Abfallwirtschaftsverband and ÖVGW – Österreichischer Verband des Gas- und Wasserfaches.

### Smart cities

The European Innovation Partnership on Smart Cities and Communities (EIP-SCC) brings together cities, industry and citizens to improve urban life through more sustainable integrated solutions. This includes applied innovation, better planning, a more participatory approach, higher energy efficiency, better transport solutions, intelligent use of Information and Communication Technologies (ICT).

The EIP consists of the High Level Group, supported by its Sherpa Group, and the Smart Cities Stakeholder Platform. In the High Level Group there are high level representatives from industry, research and cities. Each High Level member elects an associate from their company or organisation to support them in their work. The Sherpa Group is formed from these associates and a set of additional, not High Level Group associated members. Ingolf Schädler, Deputy Director General in the Austrian Federal Ministry of Transport, Innovation and Technology is a member of the High Level Group.

## Public Sector Innovation

Since 2011 the European Commission has been piloting the **European Public Sector Innovation Scoreboard** (EPSIS) as a first basis to benchmark public sector innovation in Europe. The ultimate ambition of this initiative is to capture and present public sector innovation in a similar way to countries' innovation performance in the Innovation Union Scoreboard (IUS) and thereby encourage and facilitate innovation activity across the public sector. The 2013 pilot EPSIS is the first EU wide attempt to better understand and to analyse innovation in the public sector. It was developed based on the experience of earlier national and regional projects, tested widely and discussed with a number of key relevant experts. The EPSIS should be further developed in 2014 and 2015.

In 2013, the European Commission has charged an Expert Group to prepare a report on the development of a new innovation architecture, which has been presented in December 2013. In Austria, this report, including the recommendations, has been carefully analysed, and the initiative has been welcomed. Specifically, the implementation of a network of so called Innovation Single Contact Points, and the creation of a toolbox of innovation-instruments seem to be very feasible.

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One building block of innovation is the innovation in administrative processes. In this respect, Austria has introduced an innovative performance process in order to control the achievement of outcome goals – the **Outcome orientation**. The system combines output statements and performance mandates with reporting and evaluation. Also – at a microlevel – Regulatory Impact Assessment is used as a systematic approach. Thus, RIA is accompanying the whole process from draft legislation to the parliamentary procedure and then onto evaluation. An important aspect of the Austrian system of RIA is the impact dimension of gender equality. The dimension of equality comprises payments to natural or legal persons, employment, income, and education, unpaid work, public revenue, decision-making processes and decision-making bodies.

Due to the age structure of Austrian public servants, there will be a high volume of retirements in the coming years. To avoid negative effects and losing important knowledge, several knowledge-management-instruments are in place. In order to develop the use of these instruments in a coherent way, a knowledge-management-strategy has been drafted and will be implemented until 2015.

## **Attracting the best researchers and global cooperation**

The Researchers' Report 2012 and 2013<sup>3</sup> also covers the state of affairs regarding Innovation Union Commitment No 30: a review on the various integrated policies in place and measures aimed at attracting and retaining 'leading' national, EU and third country researchers (e.g. Austrian Aliens Act, Scientific Visa Directive, Austrian RTD Strategy) and inward mobility (key measures in support of researchers' inward mobility) is part of the Researchers' Report 2012 and 2013, Country Profile: Austria. Furthermore, EURAXESS Austria [www.euraxess.at](http://www.euraxess.at) provides information on the following subject areas: Research funding, research job opportunities, legal issues (visa, work permits, entry and residence conditions, social security, tax issues), administrative and cultural issues (housing, language courses, childcare, etc.), the Austrian research landscape, women in science, potential research partners, access to other countries' EURAXESS portals, and contact details of EURAXESS Services Centres.

Under the framework of the RTI Strategy of the Austrian Federal Government, the strategic recommendations of the working group on International Cooperation involving all major RTI players in Austria, will be implemented in due course (budgets permitting). The main thrust of activities will be directed towards better coordination of national activities in the international field as well as to facilitate up-to-date international services (science attaché network etc.). Bilateral agreements are an important tool for Austria's international RTI cooperation and a number of new agreements (European third countries, Latin America) are currently under negotiation. In general, international partners are welcome to participate in Austrian research programmes, the programmes of the Austrian Research Promotion Agency (FFG) being a case in fact.

Having in mind the strong participation of Austrian institutions in the European Framework Programme 7's INCO programm, Austria will continue to actively contribute to the work of SFIC. Austria was an active participant in awareness-raising activities such as the EU Tours of India and China, as well as in the events in the framework of Destination Europe. Considering the importance of strategic European macro-regional activities, Austria has pioneered the first regional process in the Western Balkan Countries, and is now actively involved in implementing measures and activities in the context of the EU Strategy for the Danube Region e.g. through participation in the Danube INCO-NET project. Austria will also be engaged in the preparatory work for the macro-regional strategy on the Alpine Region where the Council in its conclusions from December 19/20 2013 has asked the European Commission to elaborate a strategy by June 2015.

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<sup>3</sup> prepared by Deloitte for the European Commission:

[http://ec.europa.eu/euraxess/pdf/research\\_policies/20130911\\_Researchers%20Report%202013\\_FINAL%20REPORT.pdf](http://ec.europa.eu/euraxess/pdf/research_policies/20130911_Researchers%20Report%202013_FINAL%20REPORT.pdf)

## **A new Indicator measuring innovation output**

The European Commission recently proposed a single Indicator which should allow for better monitoring the innovation output of an economy. In particular, it measures the share of fast-growing innovative enterprises (in terms of employees) in the economy. The Innovation Indicator is a so-called “composite indicator”, generated by the following components:

- Patents applications per billion of GDP – as a proxy for the share of technological innovation
- Share of employees in knowledge-intensive activities in % of the total number of employees – as a proxy for economic structure
- Share of high-tech and medium-tech products in the trade balance, or share of high-tech and medium-tech products in knowledge-intensive service exports against the total of service exports respectively – as a proxy for the competitiveness of knowledge-intensive goods and services.

Austria is ranking 11<sup>th</sup> within the EU and is counted among the group of “medium-level performers”. By comparison, Austria is in 9<sup>th</sup> position in the “Innovation Union Scoreboard” 2013.

Some member states, amongst them Austria, have expressed doubts on whether this indicator is suitable for representing their innovation performance. Austria’s points of criticism are that:

- The indicator aims to an insufficient extent at innovation in the sectors, and too much at the structural changes.
- The service export indicator in its current form systematically puts countries with a strong tourism sector (such as e.g. Austria or Switzerland) at a disadvantage.
- Furthermore, the growth dynamics of innovative enterprises which are active in non-innovative or less innovative sectors is not considered.

