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From: General Secretariat of the Council  
To: ERAC (European Research Area and Innovation Committee)

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Subject: A New European Innovation Agenda  
- PPT presentation

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Delegations will find attached PPT on the above mentioned subject displayed at the meeting of the European Research Area and Innovation Committee (ERAC) on 13 - 14 September 2022.



# A New European Innovation Agenda



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# New European Innovation Agenda - context

Innovation and particularly deep tech innovation is an answer to



Improve Europe's competitiveness



Contribute to the green and digital transition

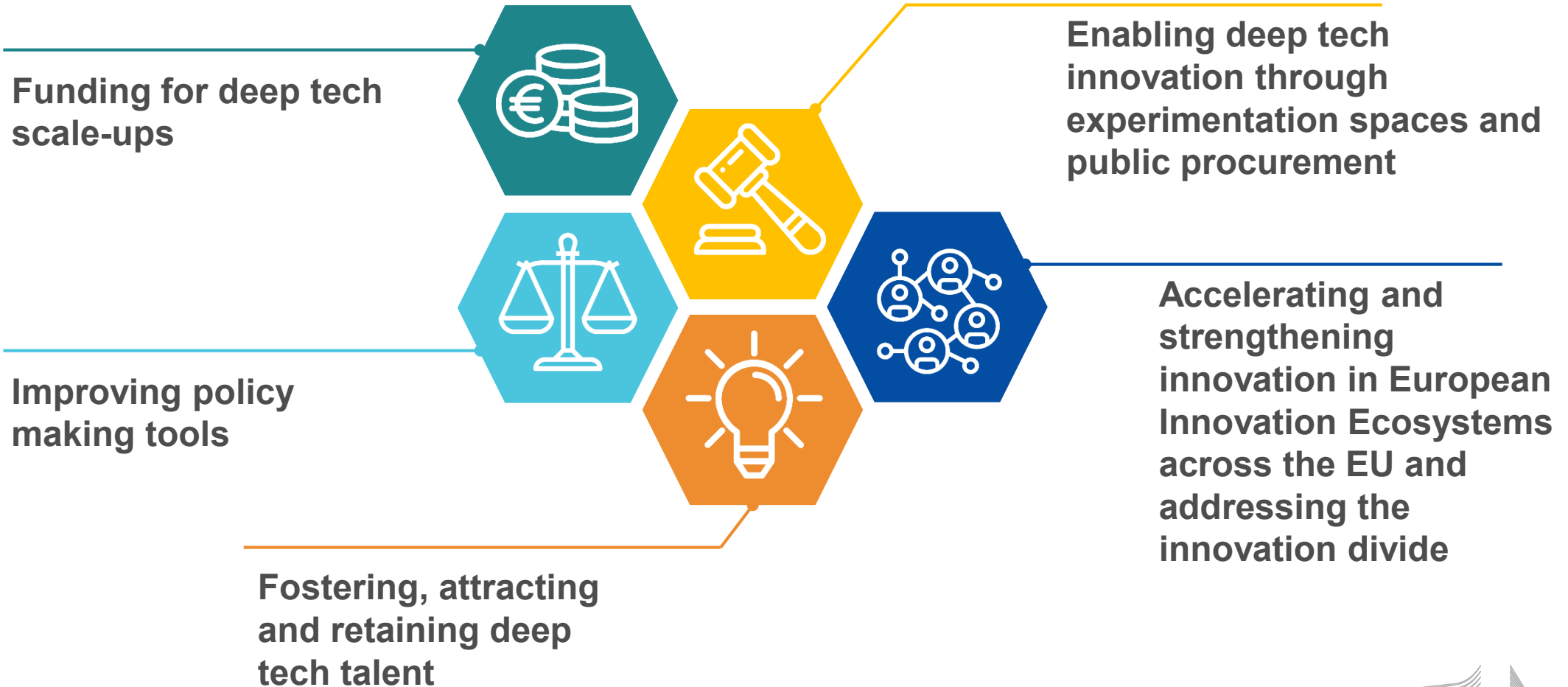


Narrow the innovation divide



Reinforce Europe's open strategic autonomy

# New European Innovation Agenda: five flagships



# New European Innovation Agenda – Funding for deep tech scale-ups

## Challenges

- Traditional bank products continue to be the main source of external finance for European enterprises
- Short-term character of traditional financing & fiscal disadvantage of equity compared with debt
- Lack of large venture capital (VC) funds who are willing to subscribe large ticket deal values
- Investment rounds driven by overseas investors (non-EU based VC funds) & Initial Public Offering (IPOs) play a minor role in financing in the EU
- Women and those from diverse backgrounds remain underrepresented in both deep tech startups and in investment funds

## Actions

1. Directive on debt-equity bias reduction allowance (DEBRA) on corporate income tax, Commission proposal.
2. Listings Act, Commission proposal
3. Expansion of the European Scale-Up Action for Risk Capital (ESCALAR) mechanism
4. EIC WP 2022 Pilot European innovation gender and diversity index
5. EIT Women2Invest Programme

# New European Innovation Agenda – Enabling deep tech innovation through experimentation spaces & public procurement

## Challenges

- Need to remedy the current fragmentation of the internal market and adopt regulations that balance the need to protect with that to innovate
- Deep tech innovations and twin transition call for progress on responsible regulatory frameworks that facilitate experimentation & enable learning and adaptation by regulators in new domains
- Need to modernise public services and strengthening the EU's industrial competitiveness

## Actions

1. Guidance document on Regulatory Sandboxes
2. Open innovation test bed in renewable Hydrogen
3. Launch Testing and Experimentation Facilities for testing AI innovation
4. Revised State Aid Framework for Research and Development and Innovation
5. Launch Innovation Procurement Specialist Advisory Service

# New European Innovation Agenda

## Accelerating & strengthening innovation in European Innovation Ecosystems & addressing the innovation divide

### Challenges

- Innovation divide between regions has increased
- Diffusion of innovations and the uptake of breakthrough technologies including through inter-regional linkages remain sub-optimal
- Despite the existing structures and services there is a complex and fragmented European innovation ecosystem, hindering the ability of innovators to leverage the support and opportunities
- Unexploited potential in regional innovation ecosystems

### Actions

1. Establish and connect regional tech innovation valleys
2. Commission notice on synergies between Horizon Europe and European Regional Development Fund programme
3. Double the number of Hydrogen Valleys
4. Establish Innospace – one stop shop for innovation ecosystems' players
5. Launch Scaleup 100

# New European Innovation Agenda - Fostering, attracting & retaining talents

## Challenges

- EU appears to be losing the global race for talent with skilled researchers moving to US
- EU's working age population is shrinking due to demographic change
- High concentrations of talents in main cities of EU MS leading to disparity between the needs of the economy and the availability of talent
- Entrepreneurial networks and training is not equally accessible
- Employee ownership remains at low levels across Europe

## Actions

1. Launch EIT deep tech talent initiative
2. Launch innovation intern scheme
3. Launch an EU Talent Pool to help businesses, including startups, find non-EU talents
4. Establish Women Entrepreneurship and Leadership scheme
5. Best practice exchange on startup employees' stock options
6. Education and Innovation practice community
7. Launch Erasmus+ Alliances for Innovation
8. Launch Digital Europe call to train experts in future-oriented fields



# New European Innovation Agenda - Improving policy making tools

## Challenges

- Lack of common definitions and comparable data creates an information gap and inconsistencies across European innovation ecosystems
- MS need to enhance their technical & administrative capacity to design & implement pro-innovation policies
- Need to strengthen coordination & synergies between innovation initiatives at the EU and MS level

## Actions

1. Report on definitions related to startups, scale-ups and deep tech innovation
2. Strengthen the role of the European Innovation Council Forum

# Points for discussion

- Does ERAC share the Commission's analysis and interpretation as to the strengths and challenges of Europe and identified flagship areas where action is required?
- Where do the Member States see the greatest potential for action at national level to improve the EU's innovation performance and which actions should be treated as a matter of priority?
- What would be the appropriate framework to monitor the implementation of the New European Innovation Agenda?

# Thank you!

[https://research-and-innovation.ec.europa.eu/strategy/support-policy-making/shaping-eu-research-and-innovation-policy/new-european-innovation-agenda\\_en](https://research-and-innovation.ec.europa.eu/strategy/support-policy-making/shaping-eu-research-and-innovation-policy/new-european-innovation-agenda_en)

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