

High-level conference

A better framework for innovation

26 January 2016, Brussels

Highlights

On 26 January, **BUSINESSEUROPE**, the **European Roundtable of Industrialists** (ERT) and the **European Risk Forum** (ERF) organized the conference “A Better Framework for Innovation”, which was hosted by the Permanent Representation of the Netherlands and organized in cooperation with the **Dutch Presidency of the Council of the EU** and the **Confederation of Netherlands Industry and Employers (VNO-NCW)**.

In this document we highlighted some of the many interesting discussions. We encourage you to watch the [video](#) and learn about the interesting debate with more than twenty speakers. We would like to express our particular gratitude to the following speakers and moderators: Wepke Kingma, Jyrki Katainen, Carlos Moedas, Maarten Camps, Jerzy Buzek, Mari Kiviniemi, Harald Schwager, Julie Girling, Martin Lundstedt, Mark Ferguson, Professor Reinhard Hüttel, Pavel Telicka, Jean-Eric Paquet, Julian Farrel, Guido Dierick, Dirk Hudig, Elżbieta Bieńkowska, Antti Peltomäki, Paul de Krom, Michael Linnartz, Kemal Malik, Philippe De Backer, Robert Madelin, Paul Leonard and Markus Beyrer.

The EU is not as competitive as it could be and is lagging behind Asia and the US in its ability to transfer excellent science into marketable innovations. This limits Europe’s ability to create jobs, growth and to revitalize the economy. The conference addressed the key question of how to overcome this situation and make Europe a more attractive and better place to innovate.

The conference represented a significant step towards fostering innovation in Europe and saw high-level participation, including from Vice President **Katainen**, Commissioners **Moedas** and **Bieńkowska**, Secretary-General of the Ministry Economic Affairs Netherlands, **Mr. Camps**, several MEPs, as well as industry leaders, representatives of trade unions and the scientific community.

There was overall agreement on several key aspects required to foster innovation in Europe. In his keynote speech, Vice-President of the European Commission **Jyrki Katainen** highlighted better regulation, finance, education and skills as being absolutely crucial, as according to him we need to prepare for the next industrial revolution.

Throughout the various panels during the day-long conference, the Innovation Principle was welcomed as a new and positive contribution to help policy makers not only recognize societal and environmental needs for precaution, but also the need for innovation. As stated in the joint statement already adopted by BUSINESSEUROPE, ERF and ERT in June 2015, the Innovation

Principle could complement the EU's Precautionary Principle ensuring that *'whenever legislation is under consideration its impact on innovation should be assessed and addressed.'*

Commissioner Moedas welcomed the Innovation Principle as it has potential to create a more positive perception of innovation in Europe and indicated that he would support its further development. **Harald Schwager**, Member of the Board of BASF added that companies cannot afford to shift innovation policies on a short-term basis, but have to take a much more long-term and strategic perspective. These long-term investments rely on confidence that it will be possible to benefit from a return on investment within a reasonable time frame, and this ultimately depends on having faith in regulatory frameworks.

Other recurring themes that were debated included the need to foster an innovation culture in Europe, the need to promote science-based decision-making and the ways in which the European Commission's Better Regulation agenda could foster innovation.

INNOVATION CULTURE

The need to strike an appropriate balance between innovation and risk taking was highlighted. **Mr. Camps** observed that suppressing risk does not necessarily deliver certainty or progress. Professor **Mark Ferguson**, Chief Scientific Adviser to the Government of Ireland, explained how uncertainty is an essential component of scientific endeavor. He urged European policymakers not try to eradicate risk but to develop policies which acknowledge that risk is necessary for technological progress and innovation. **Commissioner Bieńkowska** emphasized that skills and education are key preconditions to foster innovation and to contribute to an innovation culture. In addition, she stressed that innovation ecosystems incorporating academia, business and society need to be supported, observing that much of life science research is performed by start-ups and universities. Furthermore legal certainty and intellectual property rights were recognized as being critical for providing incentives for industry to invest in innovation. **Kemal Malik**, member of the Board of Bayer, pointed out that legal certainty should also take into account that technological change now takes place at unprecedented speeds, especially in the field of Life Sciences. He emphasized that the benefits of innovation need to be better explained to citizens, by companies, scientists and regulators. **Michael Linnartz**, representing IG BCE supported this notion and emphasized that a positive shift in the way innovation is communicated would also be helpful for trade unions, as it is important to find a reasonable balance in debates about new technologies, also social innovation is an important element in making Europe more innovative. Several speakers acknowledged that the building blocks for innovation are well established in Europe but need to be much better connected.

SCIENCE AND INNOVATION

The importance of science and fundamental research was unquestioned as the essential foundation for innovation. After all, there would be no technological innovation without science.

Building on this theme, **Commissioner Moedas** stressed the importance of promoting an interdisciplinary approach between different scientific fields in order to stimulate innovation. Panelists emphasized that scientific evidence should be heard and that there is a need to differentiate between Risk vs Hazard, reliable scientific evidence vs ‘Junk Science’ and to differentiate between potential conflicts of interest and bias. **Commissioner Moedas** claimed that Europe offers some of the best science in the world, with almost one third of scientists working in Europe. However, the need to ensure decision-making is based on the best available scientific evidence was also acknowledged as an area for improvement. In that respect, recent formation of the Scientific Advisory Mechanism (SAM) was identified as an important step into a more structured system of high quality science-based decision-making in the European Union.

BETTER REGULATION AND INNOVATION

There was agreement that better regulation is not about more or less regulation, but doing it smarter. There was however a consensus for the need to reduce unnecessary regulatory burdens, as these can stifle innovation. In this respect, the Better Regulation initiative has a positive impact as it offers great opportunities to do this. The Commission’s recent staff working document, “Better regulations for innovation-driven investment at EU level” was welcomed as a positive initiative and the impact assessment toolbox was recognized as a key asset in placing innovation at the heart of European policymaking. Related initiatives on a national level, such as the UK’s ‘Regulatory Sand Box’ concept and ‘Green Deals’ from the Netherlands were welcomed as positive examples to contribute to a more innovative Europe. The currently proposed Innovation Deals on EU level which are based on the Dutch initiative, were well received and there was enthusiasm to further explore these initiatives, for example in connection with the Circular Economy.

Although initiatives to enhance innovation were welcomed, the overall consensus of the conference was that more still needs to be done. In particular, the need for regulation to be less prescriptive, more dynamic, joined up and outcome-oriented. This was seen as critical for European innovation to keep up with an unprecedented pace of technological change and to remain fit for purpose in the face of fierce global competition.

Several speakers, including for instance **Juian Farrel**, Deputy Director in the UK Department for Innovation & Skills highlighted the need to introduce greater consultation in the legislative process, as this would provide opportunities for businesses to identify legislation that could stand in the way of innovation. The need for coordination between the three EU institutions, a common “innovation tool” and a coordinated REFIT platform were identified as ways to enhance innovation. Beside recommendations for EU action, a number of speakers identified the challenge which so called, “gold plating” of legislation by member states creates for innovation.

By the end of the conference, the Innovation Principle was broadly recognized as an important and positive initiative to help shift mindsets towards a more innovative Europe. All agreed that in

order to do more for innovation, it will be essential to work together.

Deputy Secretary-General of the European Commission **Jan-Eric Paquet** welcomed the constructive debate but highlighted that working together should not only be essential for preparation but also for implementation.

Robert Madelin, Senior Advisor for Innovation at the European Commission in his concluding remarks, stressed that efforts should be made to promote a more positive attitude towards innovation in Europe by informing citizens about consequences of making regulatory and legislative choices, saying that “Europe is a sophisticated democracy and has a choice”. He added that Europe should define a ‘pro-innovation brand’ covering different initiatives which contribute to enhancing innovation in our region to gain increased acceptance for innovation.