

## SUMMARY

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PRIME MINISTER MATTI VANHANEN, FINLAND

KEY-NOTE SPEECH: INVESTING MORE IN KNOWLEDGE AND INNOVATION

Investments in knowledge and innovation are a key factor in improving competitiveness in Europe. It is important to set targets for R&D expenditure but Europe needs much more than that.

Three additional elements that are crucial in creating an Innovative Europe: 1) mobility of resources, 2) proper regulatory framework and 3) markets for innovations.

### 1) Mobility of resources

In most cases, globally successful innovations require a **critical mass of human and financial capital**, which may be too big even for a large EU country to generate alone. This calls naturally for a re-direction of common financial resources to better promote innovation – this applies to EIB and EIF in particular.

Furthermore, Europe needs to pool intellectual and material resources to close the gap with our competitors. This can be done on the basis of networks with a clear focus. The reasoning behind the **European Institute of Technology** is correct in this respect. The solution seems to be an evolvement towards an approach based on networking. Thus, in addition to the European Research Council supporting basic research we also need action to strengthen research in the field of applied sciences.

But, first and foremost, Europe needs better mobility of resources - be they ideas, capital or people. Knowledge cannot be restricted with national borders. Europe must work hard to foster the Internal Market in all its aspects.

## 2) Regulatory Framework

Proper regulatory framework does not burden but leaves room for creative solutions. This aspect is being tackled through the **Better Regulation** actions.

Concrete areas like **intellectual property rights** should be looked at. They are of fundamental importance to innovation. We still lack a Community patent. Perhaps we should adopt a broader view and look at the European Patent System as a whole.

## 3) Markets for innovations

Europe needs **markets that support and demand innovations**. There are successful examples of this. One such example is the GSM mobile phone standard. But such examples remain too few in number. The Esko Aho report on innovation in Europe identifies several areas with potential for new success stories: e-Health, energy, environment, transport and logistics, security and digital content. The key to success also in these sectors rests on creating open markets with no artificial obstacles. This means that when we create innovations, they should without delay be able to gain a strong foothold in the European market.

To create economically successful innovations Europe needs to combine knowledge with markets and we need a critical mass. The fact that these markets are increasingly global makes the challenge very demanding. When it comes to knowledge, Europe can not turn inwards. To succeed, Europe also needs to strengthen its transatlantic relations and relations with Asia.

Europe is far from an innovation friendly internal market. During Finland's EU Presidency all key areas to create elements for a broad-based innovation strategy for Europe will be tackled.