

*José Manuel Barroso*  
*President of the European Commission*

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Cab Pres D(06)1780

Dear Prime Minister, *Dear Matti,*

*Our meeting in Lahti gives an opportunity to show that we have an ambitious policy agenda which shows the value which the EU adds in the age of globalisation. I am delighted that the Finnish Presidency is driving this agenda forward on innovation and energy. They are two of the key challenges facing Europe. They are central to our competitiveness and prosperity.*

*The presence of President Putin will underline how such challenges cannot be faced alone and how only a strong collective position will pay dividends.*

*Last week the European Commission adopted two policy papers to help inform our discussions. Their intention is to highlight some of the key areas which would benefit from political attention.*

*The paper on energy concentrates explicitly on the external dimension, although of course a successful energy policy has to treat the internal and external aspects together, which is what the Commission will aim to do in its strategic energy review early next year. The paper points to some key opportunities in our external energy policy,*

- Turning into practice a series of principles to guide our energy relations with Russia*
- Developing deeper energy relations with our other neighbours, using all the instruments available.*
- Creating a network of experts to help us to tackle external energy shocks.*

*We must approach this issue in a spirit of coherence and solidarity, a common approach will be the way to achieve this.*

*Mr. Matti Vanhanen*  
*Prime Minister*  
*Snellmaninkatu 1A*  
*00170 Helsinki*  
*Finland*

*I welcome the Presidency's focus on innovation at our meeting. The Commission's paper sets out what is at stake, and where a strong political message could help overcome barriers to innovation and open the door to progress. The Heads of State and Government can best encourage innovation in Europe by agreeing a practical checklist of necessary action. We should leave the meeting committed to support joint technology initiatives, to reach a deal to modernise intellectual property protection, and to speed up the time it takes to agree European standards. These are real obstacles to the development and exploitation of innovation in Europe.*

*Policy makers must lead on innovation, not just comment about the need to innovate. There is a clear consensus that Europe is falling short. Too often, research fails to carry through into commercial application. We need to look at whether our policies offer the best possible environment for innovation to thrive, and we need to consider what else could be done to stimulate innovation.*

*This is why the European Institute for Technology has a particular importance. It will offer a tangible demonstration of the EU's commitment to act, and of what is possible when Europe acts on a continental scale. The proposal adopted by the Commission today sets out how the EIT will work. It shows how the EIT will bring added value by creating original ways to bring the business and research communities together and by focusing work on key strategic sectors. I believe that one of the top priorities for the EIT should be to help Europe retain its leadership in the fight against climate change, one of the major global challenges of today. There are particular benefits which the EIT should provide.*

- *The EIT would bring together the key partners in a new way. It would break down the barriers which hold back knowledge in today's Europe. It would open the door to new inter-disciplinary transfers. It would offer businesses an opening to accelerate research on tomorrow's most influential sectors – to bring products to the market more quickly.*
- *The partnership approach would allow the EIT to limit overheads to the minimum. With the Knowledge and Innovation Communities themselves responsible for managing their work, the central structure can be very small, something around 60 people. The core funding of €308 m has been identified and earmarked to run the EIT to 2013. The Knowledge and Innovation Communities will compete for funding from EU programmes, public authorities, and of course from the private sector.*
- *The EIT would attract talent and bring together the best in a particular discipline. This is about offering a European structure within which excellence can thrive and which can compete for the best in the global marketplace.*

*The EIT is seeking to do something new. The consultation period has been extremely helpful in helping to ensure that the EIT will be able to make the most of its partnership with universities, research institutes, government agencies and businesses. Thinking has evolved in areas like intellectual property and the award of degrees by participating universities. More clarity is now possible about how the EIT will complement the European Research Council and cross-fertilise with other EU programmes.*

*However, a new departure such as the EIT needs imagination and, above all, political support. I believe that the EIT deserves that support from the Heads of State and Government this week, so that we can start the work soon on building a real beacon for innovation in Europe.*

*I am glad that during our meeting we will have the opportunity to discuss immigration. Immigration has brought, in the recent past, huge short-term pressures and dilemmas for some Member States. In this context, the spirit of European solidarity has been demonstrated and it should continue and be intensified. In the longer run we need a more comprehensive and effective long-term policy to manage immigration for the whole European Union.*

*If the subject of Darfur is raised I will debrief on my recent visit there and set out possible ways forward.*

*I am copying this to other heads of state and government.*

*Yours sincerely,*

A handwritten signature in black ink, consisting of a vertical line on the left, a small loop, and a long horizontal line that curves slightly upwards at the end.

*José Manuel Barroso*