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**«TRANSFORMING THE EU INTO AN INNOVATION
SOCIETY»**

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

European Innovation Summit
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Ladies and gentlemen,

I am very happy to be here at this first edition of the Innovation Summit. A successful innovation policy is one that involves all actors in society. As a leading author on the subject recently said, innovation is something you do with people, not to them. So, an event such as this, which brings together all the relevant players, is extremely valuable.

I am passionate about innovation. It is our only means of tackling the major societal challenges that we face – climate change, scarce natural resources, diseases such as Alzheimers and the need to provide more security for our citizens.

It can soften the impact of demographic change and help us to tackle the problems of broken communities.

At a time when consolidation of public finances will be necessary, it can help us to get more for less in the public sector.

It can cut our dependence on foreign energy and help us to meet our growing energy needs in sustainable ways.

Above all, it will help us to build a strong and sustainable model of growth. Some are saying that, once the storm has settled, the new economic landscape will be gloomy. I don't agree. I think that we can move forward into 'broad sunlit uplands', to use Winston

Churchill's famous phrase. And it is innovation, together with trade, that will take us there.

So, if we need more innovation, how can we make it happen? In many ways, of course, this question makes little sense. You can't make innovation happen. Indeed, many people would argue that the best thing we policy makers can do is to get out of the way.

But I think we can help by nurturing the mindset, and creating the framework conditions, that favour innovation. My focus is on what we can do at European level.

We have already added a fifth freedom to the existing four – making it easier for

researchers, knowledge and technologies to circulate freely.

We have embarked on joint programming of national research efforts. And the pooling of resources to finance large scale infrastructures which no Member State can afford on its own.

All these measures will allow us to achieve the critical mass and impact which are necessary to tackle the major societal challenges I mentioned earlier.

In the next five years, I want a greater focus on industry-driven, applied R&D. We need this because, while Europe is very good at

producing ideas, we are not good enough at bringing them to market.

The EIT – a project in which I am closely involved – will improve links between business, research and higher education. It will be a major player in the future innovation landscape, particularly when it comes to concrete actions to tackle the major societal challenges. The first proposals for the knowledge and innovation communities are under evaluation now; selections will be made in December.

We must also develop a broader understanding of innovation. Yes, it is about research and development. But it is about

changes to workplace organisation too. And new processes and business models.

Moreover, the application of innovations like Web 2.0 to business and public life is changing the way in which innovation happens. It is becoming more open and collaborative. Once the preserve of a select elite, it now involves a much wider range of actors. It tends to happen at the inter-section between different disciplines. It is sometimes disruptive, resulting in the downfall of established companies. Often, it is employee or consumer-driven. Henry Ford famously once said: "if I had asked people what they wanted, they would have said faster horses." Well, he was a great innovator. But crowd-

sourcing and co-creation are now the order of the day!

We need a new policy that reflects these changes. This means that we will have to, well, innovate!

In Spring next year, we will present a new EU Reform Agenda for the next decade with innovation at its heart. A public consultation on future innovation policy is ongoing. I do not want to pre-judge its results, but let me outline our thinking. The focus will be on four areas:

First, financial support for innovation. Between 2007 and 2013, 86 billion EUR is earmarked in the Structural Funds for research and innovation, plus funds from the 7th Framework

Programme. But we need to speed up access to EU funding and simplify the rules for participating in projects.

The provision of venture capital is still an issue. So, we are looking at how we can develop innovative financing models, based on existing instruments and building on partnerships with other financial institutions, such as the European Investment Bank. We also have to upgrade our vital infrastructures to build a sustainable knowledge economy.

The second area is the market conditions that are needed to facilitate innovation. We have achieved a lot here, notably the Small Business Act and the Services Directive. We

have to make sure that the regulation we are proposing supports innovation.

And we need a new approach to intellectual property. The patent issue is the one that springs to mind. It is certainly very urgent. But there are many others which need to be tackled as well.

Meanwhile, the new EU state aid rules for research and innovation are coming up for review soon. There may be further changes that we can introduce - for example, higher ceilings for aid in areas related to the major societal challenges.

The third area concerns the market uptake of innovative products and services. We will

continue to develop and improve our "lead market" approach in sectors such as e-health, internal security, eco-innovation and eco-construction.

This means a serious look at standardisation. This can help innovation. But with product life cycles growing ever shorter, it is often too slow.

It also means harnessing the full potential of public procurement for innovation purposes. I want to make it easier for public authorities to act jointly to procure new technologies and innovations, which would be too expensive or risky for them to purchase individually.

I also want a bigger slice of the action for Europe's small, innovative firms. So, we are developing a new EU programme aimed at them.

The final area is people. As I said earlier, innovation is now needed in all walks of life. So, we need to re-think education. There must be less focus on knowledge, and more on the "soft" skills – creativity, organising work independently and working in teams. People need to "learn to learn."

EU competences are limited in this area. But I want us to add value where we can. For example, we are exploring the idea of a Pisa-type system to measure and compare

creativity teaching. This would allow Member States to learn from each other.

And because more and more people will have several jobs throughout their lifetimes, our focus on flexicurity and life long learning will continue. We have recently launched a major exercise aimed at forecasting future skills needs. This will allow us to better target the training that we offer people. We must also develop an intelligent common approach to economic migration. Because the EU needs to attract the best talent from around the world.

Ladies and gentlemen,

This event is extremely well timed, coming as it does at the beginning of a new Parliament –

and before the start of the new Commission. It is an excellent opportunity for you – the "doers" and the innovators – to mix with policy makers and to tell us how we can best support you.

The report of the Business Panel we set up to advise us on future innovation policy will be published today. I urge you to read it! And I urge you to respond to our public consultation which will last until 16 November. Please help us to help you!

By the end of the Commission's next mandate, I want Europe to have become not just a "knowledge society", but an "innovation society." I plan to make this one of my top personal priorities. Indeed, I want it to be an

important part of my legacy. Because I am convinced that nothing is more important for Europe's future.

Thank you.