



EUROPEAN COMMISSION

*Brussels, 19.1.2018
C(2018) 43 final*

Dear President,

The Commission would like to thank the Bundesrat for its Opinion on its Communication on Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth {COM(2017) 376 final}.

The Commission welcomes the Bundesrat's support for exploring the development of better instruments for interregional cooperation along value-chains.

The Commission also welcomes the Bundesrat's general support for the Smart Specialisation approach and welcomes the continuation in the future of this approach for the improvement of the innovation potential of all regions.

Concerning the issues highlighted by the Bundesrat in its opinion, the Commission would like to stress that the form and scope of Smart Specialisation in the multi-annual financial framework after 2020 are not yet decided and will depend on the overall design of the future EU funding programmes and policy priorities.

As regards the principle of respect for regional and local self-government laid down in Article 4(2) of the Treaty on European Union, it is a principle of Cohesion Policy to allow an alignment of the structures and implementation to the existing multi-level governance structures as defined by the constitutions of the Member States, while encouraging cooperation between the different government levels and departments for an optimal design of strategic policy frameworks, such as smart specialisation strategies.

The Commission recalls that it based its Communication on the results already observed in many Member States where smart specialisation helped strengthening the role of regions, improving their innovation governance and cooperation between business and research. Smart Specialisation also gave many regions more scope for defining themselves the priorities for innovation and the design of innovation support mechanisms

*Mr Michael MÜLLER
President of the Bundesrat
Leipziger Straße 3 - 4
D – 10117 BERLIN*

in order to create an enabling business environment and an efficient public administration and thus helped them move away from the "Gießkannenprinzip" in innovation support. The Commission has supported Member States and regions to work closely with stakeholders to make full use of the simplification possibilities that are currently available.

Those strategies that were designed or revised in line with the Commission guide on smart specialisation avoid any lock-in effects and aim to trigger new economic dynamics via diversification and industrial transition. The Commission also encourages the inter-regional and cross-border dimension and cooperation in innovation investment facilitated and reinforced under transnational cooperation programmes.

Moreover, the Commission encourages Member States and Regions to use the smart specialisation monitoring mechanism that was required in the ex ante conditionality. In particular in the case of innovation strategies dating from before 2013, a relaunch of an entrepreneurial discovery process and a possible adjustment of the strategies and their instruments might be indicated, if issues with the implementation of the strategies and technological or market changes are observed in the monitoring. The Smart Specialisation Platform stands ready to provide support.

The Commission hopes that these clarifications address the issues raised by the Bundesrat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Corina Crețu
Member of the Commission*