

## VALENCIA DECLARATION – draft version

*Innovation policy priorities for Europe, especially for young innovative businesses  
A stakeholders' perspective*

1. The European Commission in cooperation with the Member States should **accelerate the structural reforms** necessary to provide SMEs with an innovation-friendly environment enabling them to become more actively involved in technological research and development.
2. To reinforce innovation, **networking between SMEs and large contractors** from both the private and public sector needs to be encouraged and supported at national and European level.
3. Adequate venture capital is necessary for the creation, growth, boosting and bringing together of research and innovation amongst young innovative firms. Member States should build an environment supporting significantly higher risk capital investments by **identifying and removing obstacles for cross-border investment** by venture capital funds and business angels.
4. Member States need to help **put research institutes in to closer contact with industry**, incubators, science or industrial parks and cluster initiatives to better respond to industrial needs and achieve critical mass.
5. A **European Institute of Technology** should be established to help improve Europe's innovation capacity and performance and serve as a reference model for the knowledge triangle (cooperation between: innovation, education and research).
6. Contact with science and research should commence at school: creative **collaboration between university research staff and the business sector** needs to be promoted by the Community as well as the Member States.
7. Obstacles to **researchers' and engineers' mobility**, both geographical and between sectors should be eliminated. This cannot be achieved without improving cooperation between Member States on taxation and the transfer of certain social benefits.
8. **Innovation in services** plays an important role in fostering the competitiveness of the EU economy. The Community and Member States must reorient their policy tools and instruments to take due account of all forms of innovation, including non-technological innovation in services.
9. The EU must take measures to better valorise knowledge on new business models for services and bring them faster to the market. The Commission should establish a **Pan-European Innovation Platform for start-ups in knowledge intense services**, to better link universities, incubators and the financing community, as an important step in the creation and support of young innovative SMEs in the service sector.

10. Europe needs to better use the substantial employment opportunities that the areas of **eco-innovation and sustainable development** are offering. Improved research and innovation policies should focus on sustainable production and design, eco-innovative technologies, products and services as well as sustainable business models and management methods.
11. There is no lack of clusters in Europe. They are however dispersed and rather small compared to those in other parts of the world. Fostering trans-national cooperation will be an important step to increase innovation in mature industries, support the creation of spin-offs and spin-outs and eventually **create world-class clusters**.
12. **Cluster managers** play an important role in the visibility and performance of a cluster by developing international partnerships, implementing marketing activities and monitoring the cluster's competitiveness over time. The concept of cluster managers should be further promoted and supported.
13. The EU must acquire a cost-effective and user-friendly system of **intellectual property protection** so as to attract technologically advanced companies. The protection of intellectual property must not interfere with open access to public goods and public knowledge.
14. The stalemate over the proposed **Community patent** should be ended as far as the language regime and the establishment of a legally-secure unique litigation settlement system are concerned.
15. Member States should take concrete measures to stimulate innovation and research through improved **public procurement** practices and facilitate the access and participation of SMEs in public procurement markets.
16. The reform of the EU's State aid rules should be followed-up by a sweeping **reform of national and regional state aid programmes** to shift subsidies from big ailing companies to small innovative businesses.
17. **Standardisation bodies** need to apply less burdensome processes and associate SMEs closer.
18. The European Commission should create a general **reporting system to monitor indicators** such as revenues from contract research, patents filed and granted, licences and revenues from licensing, the number of active contracts, the number of client enterprises (including SMEs) and the number and development of spin-offs, with qualitative interpretation.
19. Within the framework of the "**Better Regulation**" initiative, the impact assessment should include assessments of the effects of recommendations in the field of research and innovation.
20. **Structural funds** should be seen as a key means of supporting research and innovation capacity and their applications, especially in the pursuit of cohesion. Therefore the amount of structural funds spent on research and innovation needs to be increased substantially.