



EU Insight: the Innovation Union

What is innovation?

Innovation refers to the creation of new or significantly improved products, marketing, processes and organization that add value to markets, governments and society.

“Innovation is the ability of individuals, companies and entire nations to continuously create their desired future”

John Kao, “Innovation Nation” (2007)

In his final ‘State of the Union’ speech European Commission President Jose Manuel Barroso touches on the key priorities for the European Union. For the work of the European Parliament and the Commission, jobs and growth remain issues of highest importance. Barroso further emphasizes the significance of finding “innovative ways to create jobs” and the longer-term challenge of boosting Europe’s innovation capacity.

One of the seven flagship initiatives in the Europe2020 strategy to promote smart, sustainable and inclusive growth is the Innovation Union. It places innovation as overarching policy objective and as the best means of successfully tackling major societal challenges, such as climate change, energy and resource scarcity or health and ageing.

Figures 1 and 2 show the innovation performance of selected countries compared with EU27 and within the EU, respectively. Innovation is the main driver of economic growth in the EU. By 2050 Europe’s share of world GDP is likely to be half of today’s 29%.

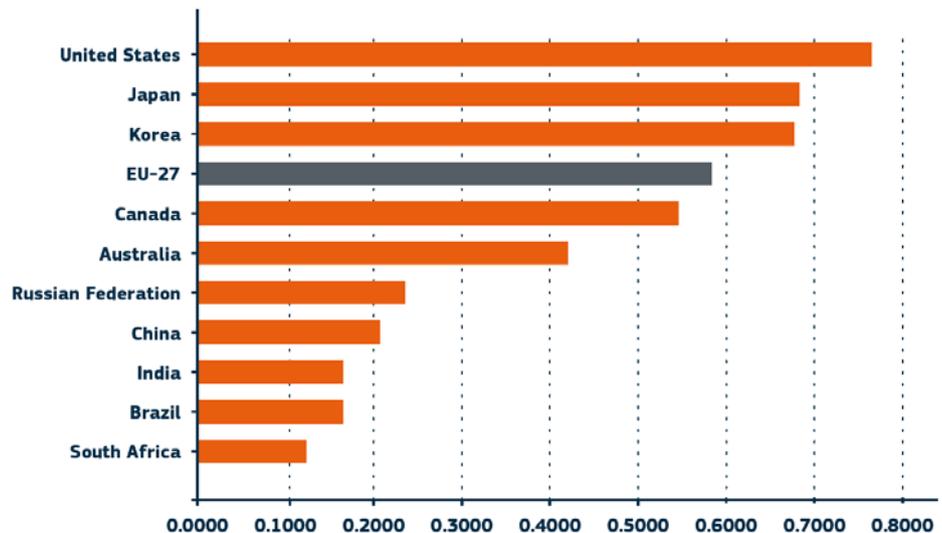


Figure 1: EU27 performance in innovation compared to other key innovating countries [1]

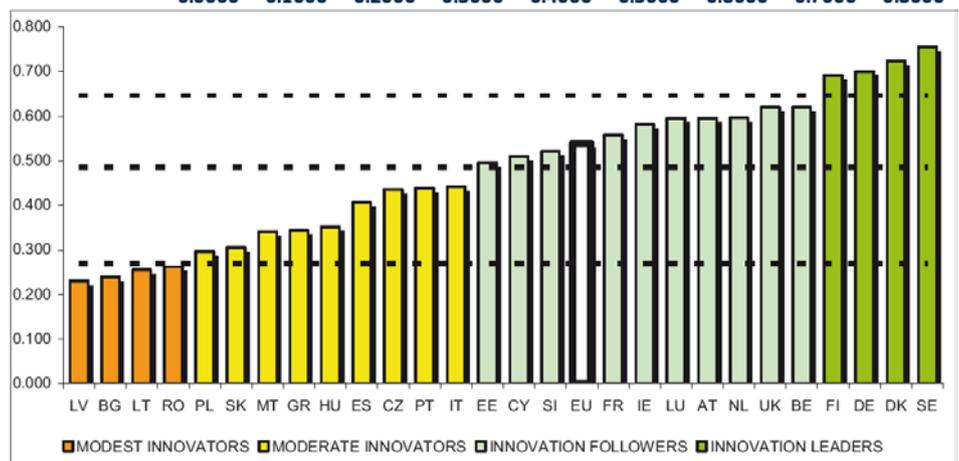


Figure 2: Innovation Performance within EU member states in 2012 [2]



Almost all EU countries have become better at fostering innovation, but progress is slowing. The EU not only has to close the innovation gap among its member states, it also has to keep up with the international leaders, namely the US, Japan or South Korea. On top of that, emerging economies such as China, Brazil, and India have been catching up over the past 5 years. The scoreboard makes clear that the EU will have to increase efforts to stimulate and speed up innovation if it is to boost – let alone maintain – its competitiveness.

Ingredients for innovation

The EU's innovation leaders are Sweden, Denmark, Germany and Finland. The 4 countries tend to have:

- above-average R&D expenditure, especially in the business sector
- higher investment in skills and finance
- strong national research and innovation systems with a key role for partnerships between public and private sectors
- better results in turning technological knowledge into products and services.

The scoreboard is part of the EU's strategy to create an Innovation Union where entrepreneurs find the support they need to turn their ideas into commercial products and services.

The main goals set by the Innovation Union are:

- make Europe into a **world-class science performer**;
- **remove obstacles to innovation** – like expensive patenting, market fragmentation, slow standard-setting and skills shortages – which currently prevent ideas getting quickly to market; and
- **revolutionise the way public and private sectors work together**, notably through **Innovation Partnerships** between the European institutions, national and regional authorities and business.

The first partnership – launched last year – aims to encourage new products and services that can help active and healthy ageing.

Sources and further information

[1] [Innovation Union- A Pocket Guide on a Europe2020 Initiative \(2012\)](#)

[2] [Innovation Union Scoreboard 2011: The Innovation Union's Performance](#)

[3] [European Commission "Innovation Union"](#)

Impact of the Innovation Union for researchers and engineers

- Attractive careers
- Training of a high-standard
- Improved cross-border mobility
- More open access to research results
- Enhanced public-private collaboration
- Access to EU research and innovation programs