

Powering Europe's future with innovation



The EPP has been shaping the European project since its inception. The EPP will continue to steer Europe in the best direction to make innovation an anchor of Europe's competitiveness and resilience. This requires promoting innovation made in Europe as the basis of societal prosperity and economic competitiveness.

We must recognise that innovation is the primary driver of competitiveness. The work to manage it needs to speed up. Europe should take more visionary and courageous steps to play a leading role in a world driven by innovation, combining targeted investments with skilful regulation. Despite our many strengths, there are various signals suggesting the EU is lagging other powerful regions in the development, and adoption of strategic technologies, and on the creation and growth of startups – which drive innovation.

Focusing our efforts on innovations that matter.

To best harness Europe's innovation potential, we must concentrate on innovations that matter, also known as “deep tech” innovations. Innovations that will address the deepest societal challenges. Throughout the previous few decades, we have witnessed the digital revolution, which has made our lives more convenient and streamlined business processes. Yet, we believe that Europe's distinctive feature should be the encouragement of innovations that strive to improve people's quality of life, making the world a better and more resilient place rather than simply making it more convenient.

To truly understand the potential of deep tech and how it differs from previous innovations, one must first explore the evolution of innovation. The first wave of innovation began with the first and second industrial revolutions, and Europe was at the forefront of this wave. The second wave began after WWII and was centred on industry labs with university partners, and Europe was also well positioned. The third wave of innovation, the digital revolution, began in the early 1980s and was driven by startups and venture capital firms; Europe played a minor role in this wave.

Mastering the fourth wave of innovation.

We're about to enter the fourth wave of innovation, which is called “deep tech innovation.” Innovations that matter. Innovations that combine hardware and software and are at the intersection of science and engineering. Deep tech innovations include Artificial Intelligence (AI), quantum, large-scale battery technology adapted to low-power devices and non-intermittent renewable energy production, as well as next-generation diagnostics and innovative molecular therapies.

The EPP believes that by leveraging its strengths, Europe can become the world leader in deep tech innovation, including climate tech. Innovation in Europe can build on three key strengths which must be seen in synergy with each other: a vibrant education system, leading companies in industries with a hardware component, and the diversity of our regions and territories. Europe is home to most of the top 300 engineering universities in the world and excellent research centres. Europe has leading businesses in hardware areas such as energy, agriculture, transportation, construction, and health. Our regional innovation ecosystem's diversity remains a strongly appealing factor for innovators and investors to come to Europe to work on deep tech innovation.

AI is also at the heart of deep tech innovation. To lead, Europe will have to master, exploit, and enhance this technology. From medicine to transportation to cybersecurity and energy efficiency, and more, AI holds great promise for progress in our society, and for solving challenges facing our environment, education, and mobility. AI will be central to high-growth areas such as quantum computing, biotechnology, and cybersecurity. Given the tremendous opportunities AI offers to our societies we should make the best possible use of it, while also providing the necessary societal and security-related safeguards against the dangers AI also holds.

Following the Innovation Ecosystem approach.

The EPP believes in the power of collaboration among innovation ecosystem actors. The deep tech innovation wave rests on startups and investors, just like the digital innovation wave does. Yet, these two players must be part of an ecosystem that includes players from industry, academia, and government — at the European, national and regional levels. Too often, our innovations aren't converted into applications that can be commercialized, because of the gap that exists between research labs and industry. Therefore, we should strive for a better alignment of our R&I policy and industrial policy. Hurdles that hamper innovations to reach the industrialization phase should be identified and incentives to attract capital to give financial backing should be further facilitated. The availability and maturity of venture capital in the EU needs to be increased.

We should strive to change the face of innovation in Europe. In the past, innovation was confined to huge corporations and research labs, today we need to speed up funding procedures and search excellence in the next generation of innovators and pioneers, students, and the civil society. We need more women to become entrepreneurs. More diversity means healthier, better innovation.

The digital revolution disrupted sectors that were not regulated, such as gaming, online shopping or online communications. However, the fourth wave of innovation aims at sectors that are already regulated. Therefore, we must extend the use of sandboxes in all sectors and all parts of EU, to continue to develop and test our innovations as the rest of the world is not waiting. The innovator should find a strong ally and smooth collaboration within the public administration and public authorities.

No education, no innovation.

We must move forward to make sure that a modern European education system helps to make innovation the main driver of Europe's competitiveness. Indeed: without education, there is no innovation — this is the belief that guides us. We must ensure that our educational institutions serve as regional innovation engines. Specifically, entrepreneurship is best fostered in the early stages of education. All levels of education must incorporate innovation into their teaching and learning methodologies. In addition to preparing students for the future, educational institutions should encourage their creativity and ability to innovate.

One of the biggest obstacles to innovation, is that our companies struggle to recruit talent. We need to foster entrepreneurial mindset and digital skills among European citizens, and transform our ecosystem into an attractive destination for talent. We need to develop a pro-innovation culture, less risk-averse.

Cohesion at the core of innovation values.

The EPP believes that no region should be left behind in the innovation era. We should not repeat past mistakes: so far, digital innovation has been concentrated in one or two major metropolitan areas per country. The fourth wave of innovation should reach every part of Europe. We should now ensure not only innovation capabilities, but also access to connectivity, online tools and technologies that support education and businesses, are accessible to all citizens, including those who live and work in rural and remote areas with proper care for the quality of life of these citizens.

Economic, social and territorial cohesion remains the core focus of the EU cohesion policy, the primary public investment policy on the continent. Let's develop specifically regional innovation valleys specialising in specific industrial sectors. These valleys must be interconnected at the European level to facilitate the free movement of talent, capital, and first customers between regions.

For Europe to enhance regional innovation cohesion, be attractive to innovators, and mobilize private investments, we need to ensure our companies, especially our innovative small and medium enterprises (SMEs) and startups, can scale, to reach more markets. This requires a flexible, coherent regulatory

framework, one that ensures safeguards to protect citizens against the risks of certain technologies, but with balance, to avoid cumbersome compliance and burdensome administrative costs for businesses.

Make Europe lead the new wave of innovation: The way forward.

We must deliver on the New European Innovation Agenda in order to mobilise private investments to help our startups grow and become leaders in innovation. To ensure innovation reaches all EU regions, we must guarantee synergy among EU funds and establish the innovation principle as a horizontal guiding principle in all EU legislation.

Implementation of the Innovation Agenda must also adhere to the principle of subsidiarity, as innovation is a highly local phenomenon driven by local innovation ecosystems. Following a genuine ecosystem approach, local authorities must use their convening power to bring all innovation actors together.

EPP-led policies can deliver by combining our faith in technological development and innovation with our fundamental belief in free enterprise and the power of entrepreneurship — and by defending the social market economy and free research. Their combined power can unleash an unprecedented potential for societal progress. At the same time, innovations should exist for the sake of people, not the other way around. Innovation should be human-centred, guided by the protection of our society, and the safeguard of our European values.

The EPP is convinced that Europe has all it takes to lead in innovation. Maximising Europe's potential through innovation is our best chance to make Europe more economically competitive, strategically autonomous, more sustainable, and therefore equipped to provide quality of life to the European people.

Together, we can make Europe a global powerhouse for innovation and startups. We need to make these efforts now, to ensure innovations of the future happen in Europe, and not just elsewhere.

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**If you have any question you
would like to ask please contact us.**