



Council of the
European Union

**Brussels, 20 July 2017
(OR. en)**

10960/17

COMPET 531

NOTE

From:	Presidency
To:	The High Level Working Group on Competitiveness and Growth
Subject:	Smart specialisation

Delegations will find in Annex a Presidency discussion paper on smart specialisation in view of the meeting of the High Level Working Group on Competitiveness and Growth on 7 September 2017.

Discussion paper on smart specialisation for industrial modernisation

Globalisation, digitalisation, resource efficiency, circular economy and availability of qualified people are among the main challenges for European industry today. Meeting these challenges requires industrial modernisation and the diffusion of research and innovation to firms in all parts of Europe. This is necessary to ensure that our industry stays competitive in the global market. It is therefore important that firms work together with public actors and the research sector to identify opportunities for growth and maximise the benefits of EU support.

Smart specialisation strategies aim to prioritise public research and innovation investments through a joint bottom-up (*entrepreneurial discovery*) and top-down (*political prioritisation*) approach for the economic transformation of regions, building on regional competitive advantages and facilitating market opportunities in new inter-regional and European value chains. In the current programming period (2014-2020), more than EUR 40 billion will be available through the European Regional Development Fund (ERDF) to support priorities identified in 120 smart specialisation strategies developed at regional and national level. In addition, about EUR 1.8 billion has been programmed under ESF to strengthen human capital in research and innovation. There is therefore high potential for the European industry, particularly in member states of high ESIF coverage, to build on these opportunities, innovate and develop new investment projects for industrial modernisation.

The recent Commission Communication on "Strengthening innovation in Europe's regions: towards resilient, inclusive and sustainable growth at territorial level" adopted in July 2017¹ proposes to further strengthen innovation and target private investment in European regions through smart specialisation. In this respect, it proposes to (i) further reform R&I systems at regional level; (ii) increase trans-regional cooperation to foster investment on innovation; (iii) leverage R&I in less developed and industrial transition regions; and (iv) harness synergies and complementarities between EU policies and instruments.

¹ Doc. 11426/17

To achieve this, cooperation between the regional, national and EU level should be strengthened.

The Commission intends to step up its efforts:

- to assist regional and national authorities to successfully implement their smart specialisation strategies;
- reinforce interregional cooperation particularly through the three Smart Specialisation Platforms on industrial modernisation, energy and agri-food;
- develop a pilot action through ERDF for industrial transition regions to accelerate innovation uptake, remove investment barriers and facilitate reskilling; and
- finally facilitate and clarify the combination of different funding instruments to support investment in innovation projects within and between EU regions.

The Presidency invites the HLG to discuss this issue along the following questions:

Question 1: How can support to interregional cooperation involving the public, private and research sectors be strengthened to help industry reinforce existing and develop new European value chains? To what extent could the existing smart specialisation platforms be used for this purpose? Do existing national or regional platforms suggest to add other thematic platforms at European level?

Question 2: How can Member States and regions contribute to further support industrial transition throughout the European Union, in order to develop a wider competitive industrial base and promote inclusive growth in Europe?
