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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	*Preparation of the Council (Competitiveness (Internal Market, Industry, Research and Space)) on 3-4 December 2026* Regulation establishing a framework of measures for strengthening the Union innovation ecosystem (European Innovation Act) - Progress report

EUROPEAN INNOVATION ACT

PROGRESS REPORT

I. CONTEXT

1. Across Europe, people are facing economic uncertainty, geopolitical instability and the effects of rapid global change. Improving competitiveness and prosperity remains a core priority to ensure a Europe that remains economically strong, socially cohesive and equipped to respond to an increasingly uncertain world.

2. Two years have elapsed since the publication of the Letta and Draghi reports, which identified a key objective – the urgent need to transform Europe's research strengths into competitiveness, resilience, and the ability to scale up. Decisive action is required to accelerate the implementation of the priorities identified by these reports and to deliver a secure economic future that meets the needs and expectations of the people of Europe. The challenge remains as to how Europe turns its excellent knowledge into innovation, competitive companies and tangible benefits for society.

3. At the Informal Meeting of European Research and Innovation Ministers in Dublin on 20 and 21 July, Member States highlighted the need for a coherent portfolio of innovation supports to efficiently and effectively transform Europe's excellent ideas into globally competitive solutions and looked forward to the publication of the Commission proposal for European Innovation Act (EIA).

II. INTRODUCTION

4. On the 9 September 2026, the Commission published a proposal for a regulation of the European Parliament and of the Council establishing a framework of measures for strengthening the Union innovation ecosystem and amending Regulation (EU) 2017/1001 (European Innovation Act, EIA). On the same day, the Commission tabled a proposal for a Regulation on public contracts and concessions (Public Procurement Act) and a proposal for a Council Recommendation on common principles on regulatory sandboxes to support innovation and a future proof regulatory framework.

5. The proposed Regulation is a response to the competitiveness challenge highlighted by the Letta and Draghi reports. It concentrates its scope on addressing two primary structural barriers to innovation and commercialisation of research results. The first is an underdeveloped market for public research and development (R&D) procurement, and the second is the absence of any common valuation framework for intangible assets, which hinders intellectual property (IP)-rich firms' ability to borrow against these assets.

6. Some Member States regretted the level of ambition of the EIA as published. Nonetheless, the policy challenges which the act seeks to address are well understood. R&D procurement can help commercialise research results by providing a market for innovative products and services. The proposal seeks to provide harmonised rules across Member States for R&D procurement, facilitating its greater use within Member States and addressing the fragmentation of the internal market. R&D procurement, including pre-commercial procurement, is used significantly less in the EU compared to other major economies.

7. A harmonised framework for IP valuation can help companies raise financing on the basis of their IP assets. Insufficient clarity and fragmented approaches to IP valuation currently impede access to financing, particularly for innovative companies in Europe seeking to scale up. The proposal seeks to establish a harmonised framework for IP valuation including through the creation of a Union Competence Centre for IP-backed finance and also proposes an enhanced role for the EUIPO including the provision of training for IP valuers.

8. Taken together, the proposed EIA's focus on improving conditions for R&D procurement and IP valuation has the aim to create a framework for testing, financing and scaling innovative solutions, thereby contributing to the improvement of Europe's innovation performance.

9. The European Parliament referred the proposal to the Committees on Industry, Research and Energy (ITRE), Internal Market and Consumer Protection (IMCO) and Legal Affairs (JURI), which are jointly responsible for the file.

10. The proposal requires the opinion of the European Economic and Social Committee. On 14 October 2026, the Committee of Permanent Representatives agreed to consult the European Committee of the Regions on the proposal.

III. WORK WITHIN THE COUNCIL

11. The Commission presented the EIA proposal, and the accompanying impact assessment, to Research Working Party on the 16 September 2026. Delegations had the opportunity to raise preliminary comments and questions.

12. The impact assessment was examined on the basis of the indicative checklist developed to examine Commission impact assessments in the Council. Following the explanations provided by the Commission, the Working Party proceeded with the examination of the proposal.

13. Detailed discussions on the entire EIA proposal took place at Research Working Party meetings on the 24 and 28 of September and on the 2 and 6 of October. The following main issues have been identified:

a. Chapter II

14. During the examination of Chapter II, although several delegations saw value in the EIA provisions that are specific to R&D procurement, most delegations raised concerns regarding the overlap and consistency between provisions in the proposed EIA and the Public Procurement Act (PPA), which is being examined in parallel by the Working Party on Public Procurement.

15. To address these concerns and ensure consistency between the two proposals, the Presidency presented different options to progress the negotiations. The matter was discussed at the Research Working Party on 12 and 19 October and on 5 November 2026.

16. The Presidency decided to suspend discussions on the Chapter II provisions that overlap with, or are closely linked to the PPA, while continuing work on the provisions specific to R&D procurement. This approach will allow progress on R&D-specific provisions in Chapter II, which the Presidency considers important to progress in the Research Working Party. While the Presidency approach was welcomed by some Member States, there were a significant number that opposed this approach calling for either Chapter II to be moved to the PPA or deleted. This issue will be further considered at Coreper following the Council meeting.

17. Delegations were invited to express their views and comments on Articles 19, 21, 22 and 24 and related definitions and recitals which focus on R&D specific elements that are independent of the PPA.

18. With regards to these specific R&D provisions, comments received from delegations focused on better protecting the rights of R&D contractors regarding the IP ownership and access to background rights held within R&D procurement contracts; the obligations of contractors to commercialise their results and the required timelines for this; the confidentiality of proposals during ongoing R&D procurement contracts; the use of competitive development in phases for fundamental research projects; and rules around derogations. The Presidency compromise text added further clarity on these elements providing further assurances for R&D contractors and public buyers.

b. Chapter III

19. Examination of Chapter III of the EIA proposal resulted in two Presidency compromise texts to address a number of issues raised by delegations. As a result, progress was achieved on several aspects of this Chapter.

20. In particular, delegations called for further clarification on the functioning and implementation of the proposed Competence Centre in terms of the services offered, timelines and collaboration of national and regional patent offices. Delegations also called for the new Competence Centre to work in close cooperation with national and regional IP offices to complement existing activity within Member States and to avoid duplication of effort. The Presidency's compromise text strengthened the description of the Competence Centres role especially regarding the cooperation with national and regional IP offices and clarified that the Competence Centre should build on existing expertise and avoid duplication.

21. Delegations expressed support for the development of a voluntary Union framework for IP valuation but noted risks regarding the protection of security interests, including confidential information, trade secrets or sensitive business information. Some delegations also raised concerns that greater transparency regarding IP valuation could facilitate strategic acquisition interests from outside the EU. The Presidency compromise text strengthens provisions on security adding safeguards, for example on data collection, accidental disclosure or linking various sources of data.

22. The role of universities and research performing organisations as key generators of new IP was a particular concern for several Member States. The Presidency took these considerations into account and added universities and research performing organisations as a named sector to be both supported through the Competence Centre and with which the Competence Centre should cooperate when conducting data collection and analysis.

23. Delegations called for training for IP valuers by the EUIPO to be made accessible on equal terms across the EU. Delegations also stressed the need for the EUIPO to avoid creating disproportionate financial barriers for users of the services provided by the Competence Centre, particularly for SMEs, universities and research performing organisations. The Presidency introduced amendments to the text that encouraged the full use of digital resources to minimise geographic barriers and due considerations of the financial barriers for certain categories of users, including the possibility of reduced charges for certain beneficiaries.

24. Member States also called for this training to build on existing national and regional training resources and qualifications. Delegations further emphasised the need for the EUIPO to take into account other relevant international standards when establishing their training to ensure that the resulting certification scheme is aligned with international best practices. The Presidency adjusted the emphasis of the text on cooperation with national and regional IP offices and added references to international standards.

25. Following the presentation of two compromise texts the Presidency considers that Chapter III of the EIA is moving towards maturity. Member States concerns and positions have been considered. A number of modifications to the text have been made to address these concerns, providing a basis for further discussions under the incoming Presidency.

IV. CONCLUSION

26. The Irish Presidency has carried out an initial examination of the full proposal and presented two compromise texts to address issues raised by Member States. The R&D specific provisions of Chapter II have also been considered, while discussions on the provisions of Chapter II which overlap or are closely linked with the PPA have been suspended pending progress on the PPA.

27. The Committee of Permanent Representatives is invited to take note of this progress report and forward it to the Council.

28. The Council (Competitiveness) is invited to take note of this progress report at its December meeting.