



Baltic Sea States Subregional Co-operation
INTERREGIONAL INNOVATION INVESTMENTS

3rd BSSSC paper on MFF and Cohesion Policy
Adopted by the Board, 18 September 2019

The BSSSC Board reaffirms its call for a strong EU Cohesion Policy referring to its papers of 9 February 2017 and 10 September 2018 outlining the BSSSC position on EU Cohesion Policy after 2020. It emphasizes the necessity of quickly concluding the negotiations on the basis of the European Commission's proposal to enable member states and regions to start preparations for the new funding period in time and to fully and efficiently benefit from the European support.

The present paper discusses the proposed Interregional Innovation Investments (currently INTERREG component 5) which is of particular importance for the Baltic Sea Region (BSR). The BSR has a strong performance on innovation and digitalisation and the countries in the region are in the forefront when it comes to digital solutions, digital skills, e-government, and digital entrepreneurship. The BSR has numerous academic and research institutes that rank among the world's best within life-sciences, automation, energy production and transition systems, clean tech, transportation and ICT. The instrument for Interregional Innovation Investments could be of great value with regard to maintaining and strengthening the BSR's position as a global innovation driver.

1. Strengthen Interregional Innovation Investments for European value chains

BSSSC strongly supports the proposal of the European Commission to develop EU innovation value chains and to foster EU competitiveness by introducing an instrument for Interregional Innovation Investments into the EU Cohesion Policy after 2020. The main European added value of the proposal results from its interregional approach to Smart Specialisation. It builds upon the work that is being carried out in the S3 Platforms with currently 180¹ regions registered. It aims to develop stronger synergies among regions for the practical implementation of their Regional Innovation Strategies. It strives to facilitate the establishment of stronger links in the research and innovation development value chains by cross-border

¹ 28 May 2019, source <http://s3platform.jrc.ec.europa.eu/>

investments and cooperation in order to use the full economic development potential of the territories and regions. Also the instrument enables synergies with other EU programs like Horizon Europe and Digital Europe. BSSSC therefore calls on the European institutions to preserve this key element of the proposal in further negotiations.

2. Support the implementation of Macro Regional Strategies in particular of the EU Strategy for the Baltic Sea Region (EUSBSR)

The macro-regions geographical proximity creates opportunities by forming regional value chains that build on the respective strengths of the different parts of the region. Proximity can also enable close integration, which would give the macro-region greater critical mass and allow it to compete in global markets for skills and investment. BSSSC believes that the instrument for Interregional Innovation Investments should be used in support of Macro-Regional Strategies. It is considered to have a strong potential for supporting the EUSBSR objective for "Increased Prosperity" - and in particular the Policy Area Innovation (PA-Inno)². In this context it is important that the PA-Inno also plays an important role in enabling common investments. The instrument can furthermore help to overcome some of the lock-in effects of knowledge-driven innovation systems at the regional, national, and industry-specific levels in the BSR.

3. Direct Management to facilitate cooperation

BSSSC is in favour of the proposed direct management of the new instrument, regardless of its final location in the INTERREG regulation or in the European Regional Development Fund (ERDF): Rapidly developing technologies and interregional value chains need to be addressed in a coordinated way and depend on swift allocation. This can be more easily achieved by ways of direct management. Moreover, direct management prevents issues regarding state aid. BSSSC emphasizes, however, the need to integrate the regional level into the decision-making process, e.g. by inviting regions to participate in a supporting expert group and consulting them on project selection.

4. Openness to third countries

BSSSC welcomes the proposal's openness to the participation of partners from third countries on terms to be agreed by the EU and third parties. The impact of the

² <http://www.pa-innovation.eu/>
<http://norden.diva-portal.org/smash/get/diva2:957324/FULLTEXT01.pdf>

instrument will be enhanced by including cooperation with EU neighbours as it exists e.g. within the Baltic Sea Region.

5. A strong budget for Cooperation: Keep the Interregional Innovation Investments and increase the funds for classic INTERREG

Considering the ambition of the Interregional Innovation Investments, BSSSC regards the proposed budget of 970 million Euro as necessary for its successful implementation. This budget should, however, not reduce the budget for the classic INTERREG programmes.

BSSSC, in accordance with the position of the Council, affirms its request to transfer the instrument for Interregional Innovation Investment to the ERDF regulation. It emphasizes, however, that this transfer should not comprise the proposed means for the instrument. Instead, the instrument for Interregional Innovation Investment should be financed by an additional budget (970 million €) on top of the proposed means in the ERDF regulation.

The Baltic Sea States Subregional Co-operation (BSSSC) is a political network organisation for decentralised authorities in the Baltic Sea Region (BSR). BSSSC acts as an open, non-party political platform, which represents the interests of all sub-regions around the Baltic Sea — promoting common political ideas with a joint regional approach.