



# EU-RUSSIA INDUSTRIALISTS ROUND TABLE

## EU-Russia IRT Innovation Task Force Conclusions

2<sup>nd</sup> Meeting in Brussels on 27 April 2011

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### Participants

- Olli-Pekka Kallasvuo, NSN
- Ilkka Lakaniemi, Nokia
- Leo Baumann, Nokia
- Anneli Pauli, European Commission
- Rainer Strohmenger, Wellington Partners
- Fabien De Groote, VTD
- Jouni Keronen, Fortum
- Dennis Kredler, ERT
- Simon Greaves, AstraZeneca
- Kristina Tikhonova, NSN
- Anna Smirnova, NSN
- Martin Gitsels, Siemens
- Eddy Roelaets, Siemens
- Thomas Chatel, Gifas
- Anka Schild, Business Europe
- Thierry Suer, AirLiquide

- Bernd Geiger, EVCA, Triangle
  - Yves Lagoude, Thales
- Anatoly Chubais, Rosnano
- Ksenia Datsko, IRT
- Sergey Boev, AFK Sistema
- Timur Shikov, NIS-Glonass
- Andrey Ushakov, Apatech
- Mikhail Eshchenko, Gazproekt-Diagnostika
- Ilya Dubinsky, Skolkovo
- Yuri Vasiliev, Zelenograd Special Economic Zone
- Alexey Volkov, Neuron Star

### **Executive Summary and Conclusions**

The 2<sup>nd</sup> EU-Russia IRT Innovation Task Force (TF) met in Brussels on 27 April 2011. App. 30 companies, EC officials, venture capitalists and other key stakeholders participated in the meeting.

The second TF meeting continued the framework from the first meeting in Moscow in 2010 to spur and bring forward concrete private sector-led initiatives to improve EU-Russia relations.

At the outset of the meeting, Task Force chairmen Mr Olli-Pekka Kallasvuo and Mr Anatoly Chubais presented their views on latest developments in EU-Russia relations. According to them, there exists a positive momentum to build and expand improved relations between the two.

This momentum is, however, according to Mr Kallasvuo hampered at the EU-side by complacency in the internal EU-thinking on current affairs, lack of positive information about the real state of affairs in Russia allowing for misconceptions

and genuine differences in how the business environment in the EU operates in comparison to Russia (e.g. legal system and predictability).

The Innovation Task Force aims to build the EU-Russia relationship at the concrete level; bringing forward private-sector led initiatives that can support political actions for improved relations. Thus EU companies participating in the overall IRT work and in the Innovation TF would like to endorse the access of Russian companies to the EU market – finding mechanisms to make “the EU more welcoming Russian companies, innovation and co-operation”.

Mr Chubais stressed that the Russians are moving fast on their quest to become an innovative society; this is driven by and large by investments that will by 2015 enhance the role of innovative technologies in Russia. First steps have been taken on the road towards concrete actions such as Nokia Siemens Network’s decision to build a facility in Tomsk in co-operation with Russian partners. This project has also been supported by the work done by the Innovation TF.

Other significant step towards improving EU-Russia relations in the private sector was the progress seen in building the Skolkovo innovation hub in Russia.

The 2<sup>nd</sup> Innovation TF focused much of its discussion on venture capitalism and its prospects for EU-Russia relations. Two specific presentations by Mr Reiner Strohmenger of Wellington Partners and by Mr Jouni Keronen of Fortum proposed specific initiatives for addressing current challenges for VC activity.

Mr Strohmenger argued for better harmonization of regulation between the EU and Russia to advance VC investments in lucrative sectors such as pharmaceuticals in EU-Russia markets. According to him, joint management of funds and thus increasing awareness on opportunities is a key element for better investment environment.

Mr Keronen presented an innovative idea for a new regional fund for clean tech that would advance EU-Russian innovation in this sector. He stressed the importance of geographical and market context understanding in order to achieve effective investment support to really innovative solutions that would regain EU-Russian leadership in this sector.

Presentation by Ms Anneli Pauli of the European Commission gave an insightful look into the future of EU R&D focus, including focus on key enabling technologies and less bureaucratic approach in the project management. This was highly

welcomed by the audience, who saw this as a step towards the right direction supporting EU-Russian joint participation. Furthermore, Ms Pauli called for private-sector ideas how to modernize the EU R&D agenda and framework – to ensure closer public-private sector co-operation in focusing existing resources in areas that would promote EU-Russian competitiveness in the global economy.

Within the course of the TF meeting, a number of Russian companies presented their products and approaches. These presentations were highly welcomed by the EU participants as they highlighted new sources for innovation and co-operation in Russia. This was followed by a proposal to arrange more interaction between EU and Russian SME companies to build opportunities for enhanced co-operation – trade fairs were promoted as a good example of providing a platform for this.

The IRT Innovation Task Force also provides policy recommendations to enhance business opportunities. These called for less complacency within the EU and more global approach in setting the priorities for the EU agenda. This was seen an essential way to concretely advance EU-Russia relations and also as an opportunity for the private sector to lead by example.

In brief, the conclusions from the 2<sup>nd</sup> Innovation TF meeting are:

- Increase business opportunity identification between EU-Russian venture capitalists with the view to jointly finance innovations both in Russia and in the EU, ex. in the fields of energy, cleantech and pharmaceuticals. This calls for new approaches in the policy area to enhance harmonization of regulations and standards in high-tech areas and to encourage operations by joint VCs comprising assets both from the EU and Russia.
- Provide concrete ideas for the next EU R&D funding programme to focus on areas of technologies and other related items that would promote new strategic EU-Russian partnerships by the end of 2011.
- Provide clear support for improved access and participation of Russian companies in the EU R&D activities and enhance the EC knowledge of Russian companies and innovations
- Strongly promote efforts for a harmonized agenda for EU-Russia relations by enhancing strategic thinking on flexible, not just official, relationship management in EU-Russia affairs

- Organize trade fairs and business & scientific conferences in Russia and the EU to increase awareness and networking between EU and Russian companies
- Continue assisting search for partnerships between the EU and Russian businesses, especially in finding new innovation in Russian SME-sector.