

The Innovation Principle

“Stimulating Economic Recovery”

Open Letter to Mr. José Manuel Barroso

President of the European Commission
Rue de la Loi 200
1049 Brussels

Mr. Herman Van Rompuy

President of the European Council
Rue de la Loi 175
1048 Brussels

Mr. Martin Schulz

President of the European Parliament
Rue Wiertz 60
1047 Brussels

24 October 2013

Dear Presidents,

As major investors in European innovation, we welcome the focus of European leaders on innovation as the key to sustainable economic recovery and future European prosperity. Together our companies invest more than €21 billion every year in research, development and application of new products and services, much of which is performed in Europe. We are proud of this contribution to European jobs and growth and would like to see Europe continue as a leader in global innovation.

For this reason, we are deeply concerned by the negative impact of recent developments in risk management and regulatory policy on the innovation environment in Europe. Innovation is by definition a risk taking activity. These risks need to be recognised, assessed and managed but they cannot be avoided, if society is to overcome important challenges such as food, water and energy security and sustainability.

Europe has consistently sought a balanced approach to risk management through a rigorous science based approach and careful balancing of the principles of precaution and proportion in relevant regulation. Whereas precaution calls for the avoidance of risk, proportion allows the benefits of risk taking to be weighed against the possible consequences on the basis of the best available evidence.

Our concern is that the necessary balance of precaution and proportion is increasingly being replaced by a simple reliance on the precautionary principle and the avoidance of technological risk. We see numerous practical examples across a range of technologies, from engineering to chemicals and agriculture to medical sciences. The potential for all these technologies to advance social and economic welfare is undisputed but is being put at risk by an increasing preference for risk avoidance and the loss of scientific methodology from the regulatory process.

We are writing in advance of the October 2013 European Council on innovation, both to draw attention to these concerns and to propose a constructive way forward. In this spirit, we would like to propose the formal adoption of an **Innovation Principle** in European risk management and regulatory practice. The principle is simple – that whenever precautionary legislation is under consideration, the impact on innovation should also be taken into full account in the policy and legislative process.

To help advance discussion we are pleased to attach a brief explanatory paper and a set of seven key recommendations. We see these very much as initial proposals and our intention is to add support to the

many productive ideas already put forward by the High Level Group on Innovation Policy Management and other expert bodies.

The stakes are high and we believe that a shift of emphasis is urgently needed. The **Innovation Principle** can help to restore the balance of European regulatory policy in favour of continued investment in European innovation and we look for positive outcomes from the forthcoming European Council. We will, of course, be very pleased to contribute our expertise and experience in whatever form would be most useful and appropriate to achieve this objective.

Yours sincerely

Dr. Marijn Dekkers, Chairman of the Board of Management, **Bayer AG**

Kurt Bock, Chairman of the Board of Executive Directors, **BASF SE**

Dr. Hlega Rubsamen, Chief Executive Officer, **Curis GmbH**

Andrew Liveris, President, Chairman and Chief Executive Officer, **The Dow Chemical Company**

Robert Hansen, Chief Executive Officer, **Dow Corning Corporation**

Antonio Galindez, President and Chief Executive Officer, **Dow AgroScience LLS**

Kasper Rorsted, Chief Executive Officer, **Henkel AG & Company**

Harry van Dorenmalen, Chairman, **IBM Europe**

Joseph Jiminez, Chief Executive Officer, **Novartis AG**

Frans van Houten, President and Chief Executive, **Royal Philips**

Jean-Pierre Clamadieu, Chief Executive Officer, **Solvay S.A.**

Michael Mack, Chief Executive Officer, **Syngenta AG**