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Topic: European Innovation Act

EXECUTIVE SUMMARY

As announced in the EU Startup and Scaleup Strategy and the Competitiveness Compass for the EU, the European Commission presented its European Innovation Act on 9 September 2026 as a flagship measure to help Europe's most innovative ideas be developed, financed and scaled up within the EU rather than elsewhere.

Presented by Commissioner for Startups, Research and Innovation Ekaterina Zaharieva, the Act aims to create an innovation-friendly environment that lets companies grow across borders, with measures including a single rulebook for R&D procurement (quality must count for at least 50% and innovation at least 15% of the award) and steps to unlock an estimated €10.2 billion a year in intellectual-property-backed finance.

The proposed Act focuses on creating a more coordinated regulatory, policy and investment framework aimed at removing barriers and bringing innovative solutions to the market across the EU. In particular, the Commission seeks to improve the functioning of the Single Market for innovation by tackling the underuse of public procurement to commission research, development and testing, and the uncertainty around intellectual property valuation that constrains access to finance.

The Act will address issues related to the commercialisation of research results, collaboration between industry and academia, and access to markets, finance, talent, and infrastructure. Rather than creating new funding programmes, the Act is intended to strengthen the framework conditions around existing EU support, helping innovative ideas developed in Europe move more effectively from research to market and scale across borders.

Rather than introducing sector-specific measures, the Act takes a cross-sectoral approach by addressing dependencies on critical technologies and raw materials through the resilience of European supply chains.

It followed an earlier public consultation that closed on 4 October 2025.

OVERVIEW

To strengthen the EU innovation system, the proposal addresses two main challenges:

1. Helping innovative companies access financing

- Promoting a common EU framework to value intellectual property
- Creating a digital marketplace connecting buyers and sellers of intellectual property
- Offering expert support to help companies bring their ideas to the market

These measures are expected to generate around €35 million in administrative cost savings and unlock €10.2 billion per year in additional financing through IP-backed venture capital and debt.

2. Establishing a common approach for research and development procurement

- Providing greater legal certainty
- Helping new technologies reach the market faster
- Making it easier for public buyers from different EU countries to jointly carry out Research and Development procurements.

With this, companies could expect €25.92 billion in additional annual profits, while public buyers could save €1 billion per year.

In parallel with the European Innovation Act, the Commission will help innovators accelerate the transformation of innovative ideas into market solutions through a specific proposal on **regulatory sandboxes**. Regulatory sandboxes enable companies, researchers and public authorities to test new products, services or technologies for a limited time in a controlled setting and under the supervision of regulators. This helps innovators understand how rules apply in practice, while giving authorities an understanding of how rules may need to be reviewed.

Regulatory sandboxes already exist in some areas of EU law, but there is no common approach across Europe, which creates fragmentation and uncertainty. The new proposal for a Council Recommendation aims to change this by creating a common EU reference framework for regulatory sandboxes in areas not yet covered by EU legislation. It will build on lessons learned in both Member States and existing EU initiatives. This will give innovators more room to test new solutions, while ensuring that public interests remain protected.

Closing the R&I-to-market gap

The Commission identifies a structural problem in Europe: it is strong in early-stage research but struggles to translate research results into market-ready products and scalable businesses (**pre-commercialisation gap** and a **scaling gap**).

Horizon Europe as explicitly part of the architecture

The Act explicitly refers to Horizon Europe, including the EIC, 28th Regime-EUInc., the Innovation Fund and other EU programmes. These instruments support development, demonstration and, to some extent, scale-up.

The European Innovation Act does not itself propose funding measures. Instead, it is **intended to reinforce the framework conditions around existing EU funding programmes**.

Joint cross-border R&D procurement

One of the central measures is a **harmonised framework for R&D procurement**, including joint cross-border R&D procurement. The Commission argues that Member States currently face fragmentation and that joint procurement can create the critical mass needed to develop innovative technologies.

“EU preference” for R&D procurement as strategically important

The proposal introduces an **EU preference for R&D procurement**, subject to opt-outs. The Commission says this is intended to strengthen open strategic autonomy, reduce dependency risks and support EU-based supply chains.

Innovation-related award criteria

- The degree of innovativeness of the tender and its contribution to overall quality
- The total cost of ownership and long-term benefits, including any value-engineering impact
- The impact on reinforcing the technology supply chain and developing an EU innovation ecosystem in the Union, including for critical technologies
- The share of activities carried out in the EU
- Integration of technologies developed in the Union, including R&D results from publicly funded R&D programmes

Quality criteria must represent at least 50% of the total award weighting, and innovation-related criteria at least 15%. However, criteria (c), (d) and (e) combined may not exceed 15%.

IP commercialisation

The Commission proposes:

- An EU competence centre for IP-backed finance;
- A common EU framework for IP valuation;
- An EU-wide marketplace for commercialising IP.

Measures

Developing an EU wide framework for valuation of intellectual property to boost investment in innovative startups to help them scaling.

Building a digital marketplace for intellectual property to connect buyers and sellers of intellectual property assets.

Introducing a common procedure for R&D procurement to encourage public buyers to buy the research, development and testing of innovative solutions.

Expected impact

€10.2 billion more financing for companies each year thanks to their intellectual property assets

€25.9 billion in additional annual profits for companies involved with R&D procurement thanks to more R&D procurement

€35 million in annual administrative cost savings for companies from harmonised intellectual property valuation

EU GDP to increase by 0.24–0.42% over the next 10 years

€1 billion in annual administrative cost savings for public buyers through more streamlined R&D procurement and simpler cross-border procedures

Up to 507,000 new jobs created across the EU over the next 10 years

RELEVANCE FOR THE BATTERY SECTOR

1. Closing the R&I-to-market gap

The Act could provide a horizontal framework that strengthens the impact of battery R&I programmes, even though it does not create a battery-specific instrument.

2. Horizon Europe as explicitly part of the architecture

The Act is not a replacement for a dedicated battery funding programme. Rather, it could make battery R&I funding under Horizon Europe/FP10 more effective in getting results into the market.

3. “EU preference” for R&D procurement as strategically important

The battery sector is highly exposed to questions of technology → materials → manufacturing → supply chains → strategic autonomy. The Act's approach is therefore compatible with the strategic logic behind supporting European battery value chains.

The proposal also says that EU preference should increase the likelihood that economic and technological benefits from publicly funded R&D procurement remain in the EU, supporting private R&D investment and European innovation ecosystems.

4. Innovation procurement criteria

From a battery R&I perspective, the Act potentially creates a route for European-funded battery research results to be valued when moving into procurement.

5. IP-backed finance

This could benefit battery innovators because battery innovation involves substantial portfolios of patents, process know-how, materials innovation, manufacturing technologies, software/control systems, and recycling technologies.

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REFERENCES

- (1) [Proposal for the European Innovation Act](#)
- (2) [Factsheet on the European Innovation Act](#)
- (3) [Press release - Commission proposes new European Innovation Act to help innovative European ideas grow and compete globally](#)
- (4) [The EU's plan to grow innovation in Europe](#)
- (5) [Questions and answers on the European Innovation Act](#)