

# IKED's Events 2004

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## **Innovation and Competitiveness in the Nordic-Baltic Sea Region in Focus**

[September 12-14, 2004, Hamburg, Germany]

At the Baltic Development Forum's 6th Annual Summit in Hamburg, the State of the Region reports on Innovation<sup>1</sup> and Competitiveness<sup>2</sup> were launched and discussed in great depth. In his concluding remarks at the summit, former Danish foreign minister and BDF chairman, Uffe Ellemann-Jensen, announced that innovation and competitiveness are the two main priorities for the Baltic Sea Region as the countries are entering a new stage of integration and economic development and stated that the BDF will initiate a stakeholder process with the aim of defining strategic areas where the region should take action to ensure increased competitiveness and progress within innovation. The outcome of the process – an action agenda for the Baltic Sea region – will be presented for discussion and endorsement at the next Baltic Development Forum summit in Stockholm in October 2005. >>Read more about the BDF Summit or IKED's Baltic Programme.

[September 27 - October 1 2004, Ottawa, Canada]

At the 7th annual conference of The Competitiveness Institute, held in Ottawa, Canada, IKED gave a presentation in a session entitled The Baltic Sea Initiative - Assessing National Policies and Frameworks. Using recently launched initiatives for strengthening cooperation on innovation and competitiveness in the Baltic Sea Region as a case study, the discussion focussed on opportunities and pitfalls of and addressed different strategies for strengthening regional cooperation.

Read more about the TCI conference<sup>3</sup>.

## **Presentation on Cluster Policies at EURBEST, study tour meeting in Aachen, Germany**

[December 16, 2004, Aachen, Germany]

IKED made a presentation on the role of policy in clusters, at the EURBEST study tour meeting in Aachen, Germany, December 16, 2004. The topic of this meeting was cluster development. The EURBEST project as such focuses on benchmarking policies and instruments for business support. With a time schedule of three years, the five major tasks or components to be carried out by the partners will be: Management, Quantitative Analysis, Qualitative Analysis, Transfer and Knowledge Dissemination. The EURBEST project, framed within Interreg IIIC, is led by AWM West Midlands (Regional Development Agency for the West Midlands, UK) in co-operation with SPRI (regional development agency of the Basque Country), EURADA, and some 20 other RDAs.

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<sup>1</sup> <http://www.iked.org/pdf/Innovation%20in%20the%20Nordic-Baltic%20Sea%20Region.pdf>

<sup>2</sup> [http://www.iked.org/pdf/State%20of%20the%20Region%20Report%202004\\_Assessment%20of%20Competitiveness.pdf](http://www.iked.org/pdf/State%20of%20the%20Region%20Report%202004_Assessment%20of%20Competitiveness.pdf)

<sup>3</sup> <http://www.competitiveness.org/ottawa>

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## **IKED and VINNOVA host joint seminar on Evaluation and Innovation Policy in Stockholm**

**[November 8, 2004, Stockholm, Sweden]**

IKED and VINNOVA organised a joint seminar entitled Public Research and Innovation Policy for the Good of Society: How to Assess the Way Forward? in Stockholm on November 8th 2004. The increasing focus on science and R&D as a growth enabler implies several important policy challenges that might be improved by a new evaluation culture and practice. Many countries are taking steps to improve the stringency and the quality of their policies and programmes in this area. The meeting gathered a number of policymakers from different parts of the world as well as leading experts in the field of evaluation in order to debate what it takes to improve our framework for evaluation, monitoring and assessments in this area.

[View Evaluation Seminar Proceedings<sup>4</sup>](#)

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## **The Cluster Policies Whitebook Press meeting in Stockholm**

**[November 8, 2004, Stockholm, Sweden]**

IKED together with Vinnova<sup>5</sup>, BIPE<sup>6</sup> and TCI<sup>7</sup> held a press meeting the 8th of November 12.30-13.30 in Stockholm. The Cluster Policies Whitebook was presented by Sylvia Schwaag Serger, for IKED, Per Eriksson, Director General VINNOVA, and Elisabeth Waelbroeck-Rocha, CEO BIPE, and member of the Board of TCI.

Press Invitation ([in Swedish](#)<sup>8</sup>)

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## **IKED participates at the Global Forum 2004, Shaping the Future**

**[November 4-5, 2004, Malmö, Sweden]**

The subject for discussion at the Global Forum 2004, held at the City Hall of Malmö, Sweden on November 4th & 5th, is "THE BROAD CONVERGENCE Promoting Services & Applications for Businesses & Communities". The Global Forum gathers senior government officials, policymakers and industry leaders from Europe, North America, the Pacific Rim and other countries with the purpose of promoting interaction and dialogue between the different stakeholders, giving impulses for the formulation of common visions, and pooling knowledge, expertise, research, policy analysis and networking capability. IKED participated in the organisation of the conference and in the event itself.

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<sup>4</sup> <http://www.iked.org/pdf/Evalproceedings05.06.03.pdf>

<sup>5</sup> <http://www.vinnova.se/>

<sup>6</sup> [http://www.bipe.fr/webs/Sitebipe.nsf/us\\_frameset\\_base.html](http://www.bipe.fr/webs/Sitebipe.nsf/us_frameset_base.html)

<sup>7</sup> <http://www.competitiveness.org/>

<sup>8</sup> <http://www.iked.org/pdf/Pressinbjudan,%202004-11-02.pdf>

## **The first Global Trust Center Steering Committee Meeting hosted by IKED in Malmö**

[October 21-22, 2004, Malmö, Sweden]

On October 21st and 22nd 2004, the International Organisation for Knowledge Economy and Enterprise Development (IKED) arranged the first Steering Group meeting which set out directions and solidified the partnerships underlying the undertaking of the Global Trust Center project. The meeting served the purpose of formalising the establishment of the Steering Group and to hammer out basic working methods and key strands of analysis.

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## **The Cluster Policies Whitebook Press meeting in Paris**

[October 15, 2004]

IKED together with BIPE and TCI held a press meeting in Paris, at Bipe's offices on the 15th of October. The Cluster Policies Whitebook was presented by Professor Thomas Andersson, President of Jönköping University and President of the Board of IKED, and Elisabeth Waelbroeck-Rocha, CEO BIPE, and member of the Board of TCI.

Read La Tribune's article from the conference ([In French](#)<sup>9</sup>)

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## **World Knowledge Forum 2004: Partnership for Renewed Growth**

[October 11-13, 2004]

IKED is a knowledge partner and represented in the Advisory Board of the organisation World Knowledge Forum (WKF). "Partnership for Renewed Growth" is the theme for the 5th World Knowledge Forum taking place in Seoul, Korea on October 11-13. At the Forum, a remarkable group of Leaders, Policymakers and Experts from Asia and other parts of the world will debate in a number of sessions related to the restructuring of growth strategies around the globe. IKED will take an active role in organising two of the sessions. In collaboration with [Global Knowledge Partnership](#)<sup>10</sup>, the Malaysia-based network organisation, IKED is organising a session on Women Entrepreneurship, ICT and Competence-upgrading. In addition, Glenda Napier, IKED-expert on venture capital issues, will be Lead Speaker in the session on "Private Equity Firms in Non-US Markets".

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## **Creating Competitiveness, Growth and Prosperity through Innovation and Clusters**

[September 27 - October 1, 2004, Ottawa, Canada]

The Competitiveness Institute's 7th annual global conference; [Creating Competitiveness, Growth and Prosperity through Innovation and Clusters](#)<sup>11</sup> is held in Ottawa, Canada, at the end of september 2004. This year's conference explores and exchanges experiences on how firms can be grown in a cluster, how clusters can be branded and get products to market, how clusters interact, and how an active

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<sup>9</sup> [http://www.iked.org/pdf/2004-10-28@LA\\_TRIBUNE.pdf](http://www.iked.org/pdf/2004-10-28@LA_TRIBUNE.pdf)

<sup>10</sup> [http://www.globalknowledge.org/gkps\\_portal/index.cfm](http://www.globalknowledge.org/gkps_portal/index.cfm)

<sup>11</sup> <http://www.competitiveness.org/ottawa/>

strategy can either grow or stunt the future prospects of a cluster. The conference includes an introductory workshop on clusters; cluster site visits; an academic summit; and numerous mini-forums on different themes where delegates are sharing experiences and discussing the topics. The main conference days are divided into five different themes:

- A Strategic Overview of the Global Economy: Competitiveness through Innovation and Clusters
- Research and Development, Innovation and Commercialization in Clusters
- Strategies for Regional Economic Development
- Assessing Competitiveness and Clusters
- Sustaining Competitiveness for Growth and Prosperity in the Global Economy: Strategic Framework and Collaboration at all Levels

In addition, parts of the conference are devoted to the Whitebook on Cluster Policies, prepared by IKED. Parallell sessions are organised around various themes of the Whitebook. The mandate for the publication was issued at the Sixth Global Conference in Gothenburg 2003, with addressed the theme "Innovative Clusters – A New Challenge<sup>12</sup>".

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## **Presentation of the World Investment Report 2004**

[September 21 - 2004, Copenhagen, Denmark]

On the 21st of September, one day before the global release of the World Investment Report 2004, IKED in cooperation with UNCTAD and the Danish Think Tank of News Monday Morning (Mandag Morgen), held a press release in Copenhagen, Denmark. Following a brief introduction by **Mr. Lars Johansen**, Project Director at Monday Morning, the report was presented by one of the main authors **Mr. Torbjörn Fredriksson**, Head of the Policy Issues Section at UNCTAD.

Mr. Fredriksson explained that after three years of decline in global FDI flows, signs of a revival are on the horizon and that prospects look particularly bright in the case of services, which now dominate FDI flows. In the early 1970s, just 25 % of the world FDI stock was in services. Today, the figure is 60 %. A major shift is also taking place within services, in the form of a downfall in trading and finance and a surge in electricity, telecommunications and business services. The offshoring of services, furthermore, opens up new opportunities for exports, growth and development.

**Mr. Thomas Andersson**, Professor and President of IKED, underlined that a consolidation process is still talking shape in the aftermath of the previous huge flows of FDI, with the emphasis of Mergers and Acquisitions. He highlighted the presence of outstanding global challenges for FDI, notably related to the major imbalances of the US economy. He noted that FDI into the US is on the decline, further raising the need of massive portfolio investment to finance the US current account deficit. Noting the important role played by FDI in international transfers of technologies and skills, he also discussed the ways in which domestic policies and institutions in different countries must aim to shape conditions that enable countries both to attract and gain from FDI.

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<sup>12</sup> <http://www.tciconference.org/>

You find the report here<sup>13</sup>

The UNCTAD World Investment Report 2003; "National FDI Policies and International Investment Agreements", was presented by IKED at a special press seminar at the United Nations Office in Copenhagen on September 3rd 2003, which was paralleled by a series of similar press events around the world. The report represents this year's version of the annual flagship publication of the United Nations Conference on Trade and Development (UNCTAD). It examines in detail the features of the last years' downturn in global FDI-flows.

You find the report here<sup>14</sup>

The 2002 World Investment Report was presented by IKED in Copenhagen at the same time last year. IKED offered the attached summary and comment on that edition.

Read more<sup>15</sup>

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## **Baltic Sea Region at a Crossroads - New Business or Business as Usual?**

**[September 12-14, 2004, Hamburg, Germany]**

The Baltic Development Forum's 6th annual summit, "The Baltic Sea Region at a Crossroads – New Business or Business as Usual" was held in Hamburg, Germany in September 2004. The summit gathered more than 400 decision makers from more than 10 countries, discussing the overall theme on how to adapt and reenergize Baltic Sea cooperation and boost business opportunities in light of the region's changed economic and political development. In order to grasp momentum, it was stressed that the time had come to define a joint vision and concrete actions to move ahead. As a first step to this, two reports assessing the State of the Region were launched: State of the Region 2004 - An Assessment of Competitiveness in the Baltic Sea Region<sup>16</sup>, and Innovation in the Nordic-Baltic Sea Region - A Case for Regional Cooperation<sup>17</sup>.

In addition to preparing substantial reports for the summit, IKED organised and moderated two panel sessions: Innovation Performance - Can this Region Become a World Leader? and Creating Joint Policies - A Win-Win Scenario for the Tourism Industry.<sup>18</sup>

The Baltic Development Forum (BDF) Chairman, Uffe Ellemann-Jensen, concluded that innovation and competitiveness are the two main priorities for the Baltic Sea Region, and that the BDF will initiate a process to prepare a concrete action plan at next year's summit in Stockholm - October 2005.

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<sup>13</sup> <http://www.unctad.org/Templates/Page.asp?intItemID=1465>

<sup>14</sup> [http://www.un.dk/WIR\\_2003/WIR.htm](http://www.un.dk/WIR_2003/WIR.htm)

<sup>15</sup> <http://www.iked.org/pdf/UNCTAD.pdf>

<sup>16</sup> [http://www.iked.org/pdf/State%20of%20the%20Region%20Report%202004\\_Assessment%20of%20Competitiveness.pdf](http://www.iked.org/pdf/State%20of%20the%20Region%20Report%202004_Assessment%20of%20Competitiveness.pdf)

<sup>17</sup> <http://www.iked.org/pdf/Innovation%20in%20the%20Nordic-Baltic%20Sea%20Region.pdf>

<sup>18</sup> <http://www.iked.org/pdf/tourism%20rapport.pdf>

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## **Ministerial Meeting examines ways forward in SME policy**

**[June 3-6, 2004, Istanbul, Turkey]**

The 2nd OECD Ministerial Conference for Ministers responsible for SMEs, "Promoting Entrepreneurship and Innovative SMEs in a Global Economy", was held in Istanbul, Turkey, 3-5 June 2004. The event served as followup to the 1st such ministerial conference in Bologna, Italy, 2000. IKED attended the Business Symposium<sup>19</sup> and the Ministerial meeting. The preliminary version of the Recommendations from the Business Symposium is accessible at the OECD-Istanbul website. During the week, IKED presented the forthcoming IKED report on SME-policies in Turkey and had bilateral meetings with a number of delegations and organisations. Among other issues, there was widespread interest at the Ministerial in IKED's proposal to examine the viability of a Global Trust Center and network for strengthening trust and security in the digital economy. The proposal was presented by Ms. Elly Plooi, spokesperson for ICT-issues in the European Parliament, where she previously served as Vice Chairman. See Ms. Plooi's presentation<sup>20</sup>. See also "Global Trust Center - proposal"<sup>21</sup>.

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## **Presentation of the report "From Research to Commercial Realisation" (Från Forskning till Nya Affärer och Företag - en Fristående studie på Uppdrag av Svenskt Näringsliv)**

**[May 5, 2004, Stockholm, Sweden]**

IKED, together with the Confederation of Swedish Industry, held a press conference at Wenström, IVA:s conference center, Grev Turegatan 16, Stockholm on May 5th, 2004. At the event, IKED presented a report on the commercialisation of university R&D which includes recommendations from a newly published report on policy strategies as well as new business initiatives for the commercialisation of research results. In the coming months, additional seminars and conferences on this topic will be organised jointly by the Confederation and IKED.

### **Cooperation with the Confederation of Swedish Enterprise on the commercialization of university R&D.**

The Confederation of Swedish Enterprise in 2003 commissioned IKED the assignment to analyze/examine how commercialization of research at universities can be promoted, and what specifically the private sector can do to improve the process. The final report was presented and discussed on May 5th in Stockholm. Among the issues that the report raises are:

- What are the roles of the major different actors in research and the innovation system that influence the commercialisation of R&D?
- What are the strengths and weaknesses of this playing field in Sweden today, compared with other countries?
- How can the commercialization of research results best be promoted, and what is the status of collaboration/co-operation between universities and the business sector? How can universities

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<sup>19</sup> [http://www.insme.info/documenti/BS\\_Recommendations\\_Rev3\\_7MAY.pdf](http://www.insme.info/documenti/BS_Recommendations_Rev3_7MAY.pdf)

<sup>20</sup> <http://www.iked.org/pdf/OECDspeechIstanbul.pdf>

<sup>21</sup> <http://www.iked.org/pdf/GlobalTrustCenter.pdf>

and the private sector work together more effectively when it comes to commercializing university R&D?

- Which are the means for improving commercialization of research results and how can the collaboration between the key actors be strengthened? What is the role of government and the private sector specifically?

The synthesis aims to contribute to renewed discussions and concrete new initiatives in the field. The results will also be used in seminars planned jointly by the Confederation of Swedish Industry and IKED. Such seminars are foreseen over the coming six months in Gothenburg, Malmo and possibly Umeå. Officials announcements will follow in the near future.

April 6th 2004 IKED participated at a seminar arranged by the Confederation of Swedish Enterprise with participants from the Government, the Academia, and the Business sector. That discussion centered on a preliminary version of the forthcoming IKED-report, including its implications for current government work preparing future reforms in the area. Senior officials from the Ministry of Industry and VINNOVA participated in the meeting.

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### **IKED releases its report on innovation and SME development in Turkey**

IKED has carried out a review of innovation and technology policies, and their impact on small and medium-sized enterprise (SME) development, in Turkey. This project, "Strengthening Innovation and Technology Policies for SME Development in Turkey", aims to strengthen the conditions for the development of knowledge-based enterprises, and improve the foundation for an innovative and internationally competitive business sector in Turkey.

#### Download<sup>22</sup>

Like other nations around the globe, Turkey is facing both opportunities as well as challenges in its development towards the knowledge-based economy - a transformation that is shifting the focus and emphasis of the policy agenda as regards growth and competitiveness. At the same time, securing a date for EU Accession is a top priority for Turkey - a priority that will keep placing high demands on the political system, economic structures and private sector performance for years to come. Turkey is taking on these challenges at a time when there is a widespread perception that the economic and political structures are regaining stability - although still seemingly fragile -, the informal economy remains powerful, regional development is imbalanced and more coordination and cooperation within the public sector, among key public and private actors in general, is required if Turkey is to manage the issues at hand.

Although Turkey's current position on the European Innovation Scoreboard along with many other indicators of global competitiveness are at low levels, Turkey has proven its resolve in catalyzing innovation in the economy both by initiating numerous ambitious programs and by significantly improving its performance trends over the past years. Yet there is still a long road ahead before Turkey

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<http://www.iked.org/pdf/Strengthening%20Innovation%20and%20Technology%20Policies%20for%20SME%20Development%20in%20Turkey.pdf>

will reach the levels of other countries with which it is, in effect, now competing. In particular, R&D investment, the knowledge intensity and productivity of manufacturing and trade, capital market development and internationalisation of the private sector all require urgent attention.

A critical element for ensuring sustainable progress in these respects is joint participation and action by all main stakeholder groups. The private sector - made up of the entrepreneurs, companies and investors that are responsible for innovation output - has the opportunity and the responsibility to take on a more active role in spurring innovation in the Turkish economy. This role needs to be taken on in a way that embraces new views and actors and enables the articulation of an effective demand for regulatory and institutional reforms. Conditions favouring incumbents - at the expense of newcomers and pluralism in business and innovation - need to be counterbalanced.

Given Turkey's accomplishments to date, its enormous potential, and strategic importance in both a European and global context, it is critical that Turkey's leaders both understand the main barriers to promoting the development of innovative companies and are able to dismantle those barriers through appropriate consistent, transparent and clearly formulated policy actions and visions. It is equally important to realize that these actions cannot be accomplished alone - the public and private sectors will need to work together to tackle the structural as well as the micro-level issues, and these issues must be addressed irrespective of the country's accession to the European Union.

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## **Conference on Competitiveness of Small Countries in Riga**

**[April 23-24, 2004, Riga, Latvia]**

EU Accession, combined with the rise of the knowledge-based economy, puts new pressures on the Baltic countries, in terms of their ability to innovate and compete. The Baltic International Centre for Economic Policy Studies (BICEPS) in Riga organised an international conference to address issues of innovation and competitiveness in the new EU member countries. Sponsored by the EU Phare small projects programme, the conference brought together policymakers, entrepreneurs and academics from both current and new EU member countries to examine the factors that promote competitiveness in the EU single market. By pooling the experience of existing member states with the policy initiatives underway in the new member states, alternative views for addressing common concerns could be identified. Issues addressed included: the development of SMEs and start-ups, fostering innovation and investment, the role of policies, and the role of EU Structural Funds. The goal of the conference was to deliver specific conclusions or policy recommendations which Estonia, Latvia and Lithuania can implement to increase productivity, economic activity and investment.

Drawing from the key conclusions from the recent final report on IKED's Baltic Programme, entitled Competing in the Single Market - SMEs and Innovation in the Baltic Countries and Poland, IKED presented and facilitated a workshop on Innovation and R&D - Challenges and Opportunities. The presentation summarised the key opportunities and barriers to innovation, in particular for small and medium-sized enterprises (SMEs) in these countries. Alternatives for addressing these challenges, including experience from Sweden and other Nordic countries, were also presented. Participants were then given the chance to discuss alternatives, and how they could be applied in their own national context.



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## **IKED Co-Sponsor of seminar in Varadero on welfare policies in the era of globalisation**

**[April 21-24, 2004, Varadero, Cuba]**

The 2004 seminar "Welfare Policies in the Era of Globalization: Mounting Pressures against Resources", was the second meeting co-sponsored by IKED and the Centre for European Studies (CEE) in Havana. Last year's meeting put the emphasis on the experiences of Cuba and Sweden but this time the perspective was broadened and new perspectives were given also by speakers from several other countries in Europe and Latin America.

The common denominator for the seminar was welfare policies and the challenges that such policies are facing in the future, not only with the advent of an increasingly globalized world, but also with the ageing of the population in the coming decades in many countries, which makes the current financing channels of the welfare systems untenable in the long run. Cuba has undergone a serious economic crisis in the 1990s, and is still haunted by it, which puts pressure for structural reform in a range of areas, and for an opening towards market economy. The economic crisis coupled with the gradual replacement of the centralized planning system is bound to have a deep effect also on the welfare system of the country. How can unemployment be avoided, how can a fair pension system be maintained, and how can free services like education and health care be guaranteed also in the future were issues raised by the Cuban participants. However, as was showed by the international speakers, similar problems are present in Western and Eastern Europe, as well as in Latin America. The seminar was attended by both researchers and policy-makers from seven different countries. Based on the broad experiences presented at the meeting, the need of comprehensive policy responses was debated.

[View the Seminar Program](#)<sup>23</sup>

[Visit the CEE homepage](#)<sup>24</sup>

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## **Workshop on Measuring and Analysing Regional Digital Divides in China**

**[March 24-26, 2004, Beijing, China]**

China is acutely aware of the present asymmetric regional development that has left its hinterland far behind the coastal provinces and is looking to information and communication technologies (ICT) as a means of overcoming or at least alleviating some of the negative consequences. A prerequisite for implementing effective policies is, however, to have an accurate description and assessment of production and use of ICT. Measuring and evaluating national as well as regional ICT levels and trends are important not only for the Chinese government decision-making, but also for the investment decision-making of the domestic as well as international business community.

In order to address these issues, IKED convened a workshop in collaboration with the National Research Center for Science and Technology for Development (NRCSTD), Ministry of Science and

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<sup>23</sup> <http://www.iked.org/pdf/SEMINAR%20PROGRAM.pdf>

<sup>24</sup> <http://www.cee.cubaweb.cu/>

Technology, and the International Statistical Information Center (ISIC), National Bureau of Statistics of China. The meeting discussed scope, methodology and implementation details for a project on measuring and analysing regional digital divides in China. Participants at the workshop included researchers from China, Sweden, Thailand, Vietnam and Cuba.

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## **Second INSME Promoting Committee Meeting hosted by IKED in Malmö (SWEDEN)**

**[February 25 - 27, 2004, Malmö, Helsingborg, Sweden]**

When the International Network for Small and Medium Sized Enterprises' (INSME)<sup>25</sup> Promoting Committee met for the second time on February 25, 2004, the meeting was held in Malmö (Sweden) with IKED as the hosting organisation. All INSME Promoting Committee Members as well as organisations and governments among the 76 Advisory Group Members were invited to participate in this important event in order to reinforce what had been achieved so far and to move the INSME Process ahead. IKED invited Nordic bodies to participate and contribute with their perspectives at the meeting. The International Roundtable Meeting “Enabling Growth and Innovation for SMEs” was held back-to-back with the Promoting Committee Meeting on February 26 in Helsingborg (Sweden).

The INSME Promoting Committee is the restricted technical body appointed in early 2003 for supporting the Secretariat in the activities for the formal set-up of INSME as a non-profit Association by mid-2004. The Promoting Committee is made up of experts in industrial policies, projects and initiatives related to innovation and technology transfer. The INSME project is a product of the OECD 2000 Bologna Ministerial Conference on SMEs. Currently administrated by the Italian Institute for Industrial Promotion (IPI), INSME aims to link policy makers, international organisations and intermediaries around the world addressing innovation and technology transfer in SMEs.

Download the Promoting Meeting Agenda<sup>26</sup>

Read more about the Second INSME Promoting Committee Meeting on INSME homepage<sup>27</sup>

Read the latest issue of INSME News here<sup>28</sup>

For more information about INSME, please contact [secretariat@insme.it](mailto:secretariat@insme.it)

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## **Press conference and seminar in connection to the release of IKED's report “Towards a New Growth and Innovation Policy in Norway”**

**[February 03, 2004, Oslo, Norway]**

On Tuesday the 3rd of February IKED's report “Towards a New Growth and Innovation Policy in Norway” was released and discussed at a press conference, followed by a seminar with specially invited guests in Oslo, Norway. The report was well received and cherished for its effort to cover a wide area of important framework conditions for growth and innovation. At the same time politically controversial challenges, like abandoning the goal of higher R&D-intensity and using revenues from oil for non-inflationary investments, set out in the report were thoroughly debated.

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<sup>25</sup> <http://www.insme.info/page.asp>

<sup>26</sup> <http://www.iked.org/pdf/agenda.pdf>

<sup>27</sup> [http://www.insme.info/page.asp?page=promoting\\_committee\\_malmo](http://www.insme.info/page.asp?page=promoting_committee_malmo)

<sup>28</sup> [http://www.insme.info/page.asp?IDArea=1&page=newsletter\\_intro](http://www.insme.info/page.asp?IDArea=1&page=newsletter_intro)

Order the new report "Towards a New Growth and Innovation Policy in Norway"

### **The initiative of the Prime Minister**

On the initiative of the Prime Minister, Mr. Bondevik, the Norwegian government decreed on September 29, 2002 that an action plan for a comprehensive innovation policy in Norway would be developed. The resulting plan, presented by the government in November 2003, take stock of the factual situation and makes recommendations in selected areas for the purpose of augmenting innovation in the business sector. Targets for policy-making are identified as well as a structure laid out for the purpose of enabling effective evaluation of the degree to which the targets will be met over the coming years. The government thereby reinforced its ambition to put in place a comprehensive innovation policy that can help spur growth in Norway as a whole. The Minister of Trade and Industry was assigned the principal responsibility for preparing the plan – in close cooperation with the Minister of Education and Research, the Minister of Local Government and Regional Development, the Minister of Petroleum and Energy, and the Minister of Agriculture. The following specific areas were addressed in some detail:

- General framework conditions for business
- Knowledge and competence
- Research, development and commercialisation
- Entrepreneurship (including conditions affecting start-up rates and behaviour)
- Infrastructure (electronic and physical)

Within each identified theme, groups entailing government officials from different ministries were set up. Each working group was assigned the task of presenting specific recommendations for its subject area. The preparations by IKED of the report "Towards a New Growth and Innovation Policy in Norway" provided further background information and input to the process although, as should be stressed, the report was prepared independently and its conclusions may not reflect the positions of the Norwegian government.

### **Towards a new growth and innovation policy**

Given ongoing fundamental changes in technologies and markets, in any country, innovative performance is now dependent on interactions and learning processes that involve multiple players within an economy as well as with the rest of the world. IKED's report underlines the importance of adopting a systemic approach to innovation policy, which is able to span and combine reforms in a number of areas.

Adopting a comprehensive policy agenda for fostering innovation requires a strong mandate from the highest level of policy-making. At the same time, the process of building a more innovative society cannot be engineered from above. The key task is to cherish institutions, incentives and attitudes that are consistent in allowing societal actors and stakeholders to engage in innovative efforts. The present line-up in Norway of a process initiated by the Prime Minister, co-ordinated by the Minister of Trade and Industry, and encompassing a team of nine ministers appears to account for strong leadership. At the same time, the effort must transcend and effectively involve other key stakeholders, including the private sector, the unions and civil society. This will be crucial for ensuring relevance in proposed measures, as well as for putting in place a meaningful implementation process.

The Norwegian economy displays great strengths but also distinct weaknesses. The country belongs to the richest and most stable in the world. It is one of the most highly educated and equitable with strong social protection and high levels of transparency, and unemployment rates are among the lowest. Yet, there is a growing dependency on oil revenues and a risk of dangerous complacency. Under the pressure of high costs and, until recently, high interest rates, a far-going rapid tilt has taken place away from manufacturing towards public and private services. There are sizable investments in education but the highly educated mainly seek employment in the public sector, whereas the knowledge base in natural science and engineering is weak. Compared to the size of the economy, expenditures on R&D are relatively small. There are modest regional income differences but transport and logistics infrastructure is inferior and competencies for cultivating unique assets locally are insufficient. Norway is marked by modest flows of foreign direct investment, significant parts of the economy are sheltered from foreign competition, and there is limited international mobility of skilled workers. Norway appears less plugged into the rapidly expanding international knowledge flows than some comparable countries.

Further, the preparedness of individuals to experiment and take risks is hampered by the presence of a generous welfare state and ample career opportunities in the expanding public sector. Entrepreneurship accounts for relatively weak contributions to growth and employment and technology-based high-growth firms are rare. There is significant public intervention in resource allocation and limitations in seed funding and venture capital markets, impeding driving forces for restructuring and renewal. Even though unemployment rates are low, a significant share of working-age population is on sick leave or prematurely retired which, coupled with the ageing population, will eventually put the pension system under pressure. As the oil-revenues will continue to contribute mightily to the economy for years to come, however, there is no immediate crisis. Yet, the ongoing structural shift and public sector expansion are unsustainable, whereas the oil-fund returns currently are used for propping up an increasing budget deficit rather than supporting investment in future capacity.

Since a number of years, Norway has had a policy-focus on raising R&D to a level that matches that of virtually any other country. While there has been limited success thus far the initiatives commenced in the last few years are viewed as promising and pointing in the right direction. At the same time, Norway should now review its target for reform. The public sector already spends relatively extensively on R&D whereas it is the private sector that displays scant expenditures in international comparison. Given the structure of the economy, Norway can hardly be viewed as under-investing in R&D compared to other countries. Still, the country crucially needs to strengthen its performance in innovation. Effective policy measures fostering a greater R&D-effort do constitute a vital element of a comprehensive approach by Norway to enhance long-term growth. Both direct and indirect support of R&D has an important role to play and should be actively pursued while ensuring an appropriate balance between the two kinds of measures. Above all, however, policies encouraging R&D must be complemented by reforms in a number of other areas that represent critical enabling conditions for innovation.

The report finally points to six challenges on which the Government is recommended to push for further improvements. Specific proposals for action are presented in the last chapter.

#### **Challenge no. 1:**

*The government should formulate a target for a comprehensive innovation policy that is realistic and meaningful. The goal should be worked out in collaboration with the main stakeholders so as to make them engaged and committed to contributing to its fulfilment. There should be sensible sub-targets, and realisation of the objective should be possible to verify.*

**Challenge no. 2:**

*The government should address factors in the educational system limiting human capital accumulation in support of innovation.*

**Challenge no. 3:**

*In order to improve conditions for high-tech and fast-growing new firms, the government should strengthen mechanisms for the allocation of seed and venture capital.*

**Challenge no. 4:**

*The government should adopt an agenda for promoting participation and life-long learning in the work place.*

**Challenge no. 5:**

*The government should strengthen local competencies and processes conducive to innovation through selective decentralisation, while also promoting more internationally oriented innovation strategies.*

**Challenge no. 6:**

*A public-private partnership programme combining research, innovation and technology diffusion should be developed, drawing on established strengths in selected industries where resources and network capabilities account for critical mass. Oil, marine industries, and metals present important opportunities.*