

Prospects for Europe

Summative Conclusions : Understanding the Implications of LocoMotive for the EU

Helen Lawton Smith

Oxfordshire Economic Observatory & Birkbeck, University of London

LocoMotive Final Conference

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Why Locomotive?

- Understanding & achieving a vision for a more innovative Europe (Dearing, 2006)
- Realising success of national initiatives across Europe (e.g. Finland)
- EU Lisbon agenda, 2001: “Improve competitiveness in the knowledge economy”
- Barcelona, 2002: “EU Target 3% GDP investment in R&D, two thirds from private sector”
- Movement beyond research-oriented supply-side measures – integration with market demand



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The European Dimension

- Changing worldwide distribution of R&D – Globalisation, Mergers & Aquisitions
- Competition from India, Russia and China – and the USA
- Paradigm shift at European level - An innovation-friendly market? (Aho 2006)
- Maintenance of supportive environment for MNC R&D?
- Diversity across European regions (old and new Europe) - Regional diversity



Key Policy Issues

From the results a policy can be addressed through a number of key issues:

- **Taxes**
- **Education**
- **Funding**
- **Governance Quality**



Locating R&D

- European Landscape vs. Scales of Practice

Local → Regional → National → European

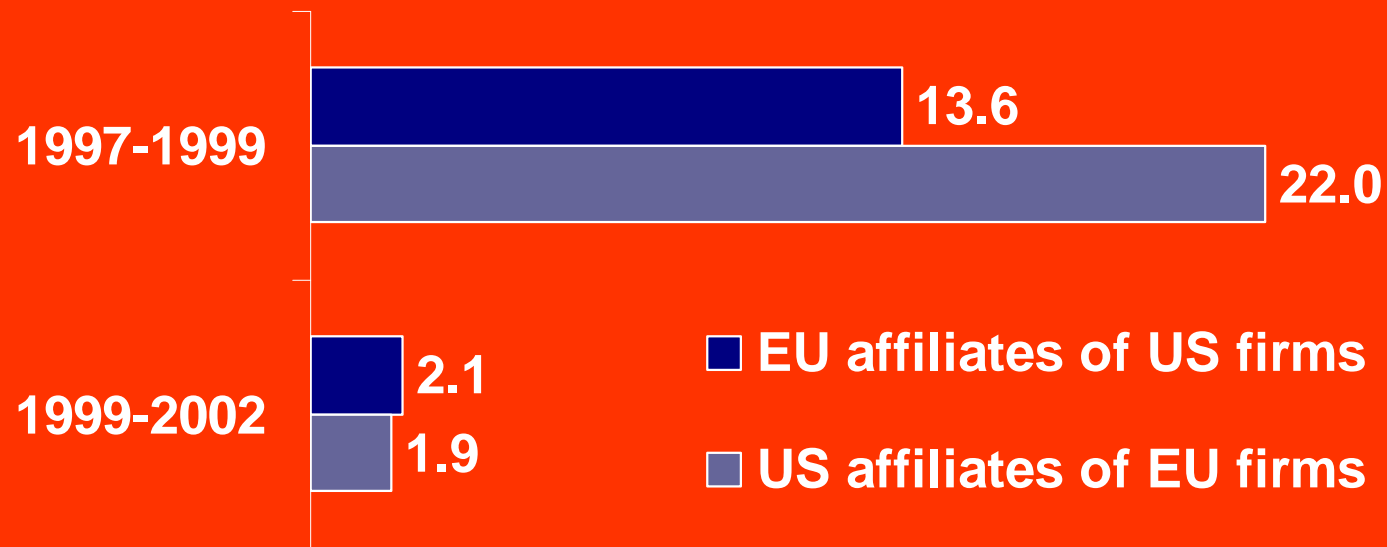
- Pan-European issues such as:
 - ✓ Functional linkages
 - ✓ Public regulations
 - ✓ Skills shortages
 - ✓ Global competition
- Reorientation of universities in the KBE - cooperation among MNEs, public sector and universities



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Attracting Mobile R&D:

America rather than Europe...



R&D expenditure of foreign affiliates, Average annual growth (in % from € PPS)



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So What...?

- What can be done directly and indirectly to improve the overall ecosystem which will boost the attractiveness of the location, its empowerment and what are the risks?

“Constructed regional advantage”

- Context specific initiatives:
Enterprises - Science base - Labour market
Networking - Governance



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The Science Base

- Facilitating knowledge and technology transfer
- Promote industry-industry and university-industry interaction within regions
- Developing formal and informal mechanisms and intermediaries

Science parks & Incubators



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Labour Markets & Education

- Need for education and training to meet the needs of industry
- Investment in high school science teachers and technicians
- Blended learning culture
- Sectorally specialised education, training and development programmes – including CPD

India	350,000
China	207,000
Japan	103,000
US	76,000
UK	24,000

Number of engineering graduates per year

Embedding & Networking

Embedding in the region...

- Need to raise R&D intensity of SME to collaborate effectively with MNCs
- Support inter-industry cooperation between MNCs & SMEs and with research institutes and governments

Networking in the region...

- Networked SMEs are likely to be more successful than non-networked SMEs
- Networked SMEs are more innovative
- Networks act as 'open gates'



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Governance

“Strong regional institutions with capacity to develop sophisticated science and innovation policies, a focus for economic strategy on knowledge-based industry and a location with ambitions as a centre for technology and knowledge-based systems”

(Charles, 2006)

- Implications and significance of cluster policy?
- Local and regional visions for the future?



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Final conclusions

- Large R&D intensive MNCs highly significant to regional economies in Europe
- Labour markets are one of the most critical factors – Notion of ‘Ecosystems’
- Challenges for policy makers - coherent vision and need for harmonisation in Europe



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