

Monday, 20 January 2014

*Established in 1974, 6CP is by far the oldest international network of public policy-makers, business leaders, researchers, and other experts working in the field of innovation policy. The network meets at irregular intervals to discuss the latest developments in innovation practices, policy and research. The meetings are characterized as highly interactive, open debates to explore future policy and research agendas.*

## **“Can policy follow the dynamics of global innovation platforms?”**

A 6CP conference with the support of the province of Noord-Brabant  
14-15 April, Het Noordbrabants Museum,  
's-Hertogenbosch/Den Bosch, The Netherlands

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### ***Globalisation of innovation***

It must be more than 30 years ago, that University of Amsterdam political scientist Gerd Junne, in an informal position paper, suggested that we would enter a phase of “re-regionalisation”. The main driving force behind the re-regionalisation was, according to Junne, that the key-ingredients for new break-through technologies are more or less evenly available across the globe: atoms (materials), bits (information), and genes (plants, animals, people). The most visible example at the time was the widespread availability of silicon (sand) as base material for the computer industry. In 2005 Thomas Friedman declared the world as being “flat”, driven by the widespread availability of computers, internet and applications such as management and work-flow software.

However, what was not so evenly spread across the globe, were the capabilities to manipulate these key-ingredients, e.g. technological knowledge, applications and production facilities. So we experienced a completely different development. Over the last three decades business and economic development models evolved from relatively strong home-market orientations to a focus on international competition based on innovation and specialisation, exports and trade. Business strategies were backed by trade and monetary policies and/or market regulation and international competition has become a matter of nations and politics as much or even more as of business strategies.

### ***Smart specialisation***

The latest concept focusing on regional technological (smart) specialisation is largely oriented toward building regional systems as players in global value chains, against a background of (a return of?) vertical systems integration and the emergence of global innovation platforms. This will gradually push the concepts and strategies of international competition from systems of innovation and smart specialisation to global systems integration (some key words: global innovation networks and global technology platforms). Several firms already position themselves as “truly global”. Others see themselves as part of global networks. It is evident that being part of and recognized player in these global networks/platforms is becoming a necessity. It seems that the limits of this kind of globalization can for a foreseeable period be pushed further away.

At the same time we experience tendencies to counteract on the processes which until recently were seen as given: the (re-)location of industrial production and the rapid advance of technological capabilities in Asia. At least three strands of policy thinking seem to be relevant.

### ***Re-industrialisation***

In the first place, both the European Union and the United States are pushing policies to (re-) build manufacturing industries in order to drive growth, fight unemployment and to improve the trade-balance. In particular the accompanying proposed policies (e.g. from fights to create a level playing field to the proposed requirement that IP produced in the EU must first be put to use in the EU) may change the trend towards free trade into a trade battle and change the globalisation picture.

In the second place, Europe and the US fear that they are becoming increasingly dependent on Asia for key technologies and key products (like semiconductors or advanced machine tools). In the end this may affect security in critical infrastructures. Some analysts therefore argue that Europe and/or the US should be able to cover the whole value chain in these critical fields.

And finally, from the perspective of (environmental) sustainability we see a completely different kind of advocacy for regionalized and/or localized solutions to the future development of production and

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consumption. It assumes that such solutions can reduce the environmental footprint considerably and therefore should guide policy actions.

### ***Taking stock of how global innovation networks and policies interact***

But even if political and economic processes of globalization come under pressure, there seem to be pervasive drivers for further globalization in the rising costs of R&D in key technologies and in the inherently complex networked character of most of these general purpose technologies. This will put further strains on the nature and distribution of R&D, in particular when R&D becomes closer attached to increasingly complex and integrated production processes.

*The European Commission i4g expert group recognises that more efforts to understand these mechanisms and their policy implications are needed in order to design R&D&I policies aimed at an effective balancing of the needs of business and technology and of the people (High Level Economic Policy Expert Group “Innovation for Growth” | i4g (2012): Research & Innovation Policy Workshop ‘Innovating out of the Crisis’.) In the US similar discussions have for example been started by ITIF. The 6CP conference provides a unique opportunity to take part in developing the future research agenda.*

In view of the development of effective policies we should aim to provide a clear picture of the forces at play and how they interact. Both the pressures for increasing globalization on the side of business and the demand for jobs and exports, for security and sustainability in specific countries or regions are a reality.

1. How global is R&D&I now? Are there major differences between long term fundamental research and closer to market development, between public and private R&D?
2. In general linkages between fundamental or long term (public) R&D and location of production seem to be weak (e.g. in Netherlands Randstad vs. Southeast, in US Boston vs. the Lakes), whereas intra-firm linkages between R&D and production seem to have high impacts. What does this mean for R&D&I policies?
3. Are there boundaries to globalization of R&D&I?
4. How do the business tendencies to globalize have an impact on policy?
5. Building a knowledge driven service economy clearly has not succeeded in creating sufficient jobs in the US and in Europe (and we may expect major improvements in services productivity in the coming years, reducing employment opportunities even more).
6. Can demand driven policies have an impact? Could they create opportunities for local/regional integrated development? Or do they simply create demand for global producers, e.g. the case of solar panels, and thus reinforce the need for globalization?
7. How can R&D&I policies create conditions for the growth of production (and thus of jobs and welfare) in specific countries/regions?

### ***Six Countries Programme conference***

In order to explore the consequences of the challenges to the patterns of innovation and competition along global value chains on the one hand and the implications for innovation policy based on seeking solutions for the challenges in relation to regional specialization patterns on the other hand, 6CP is organising a conference to spark reflection, discussion and policy-thinking. The event will be

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organised in close contact with members of the Innovation for Growth (I4G) advisory group of the European Commissioner for Research and Innovation.

The conference agenda will address three main questions:

1. Collecting the evidence; What do we know?
2. Policy responses; How does politics perceive the situation and what are the dominant policies?
3. Alternative pathways; Perspectives and impacts?

The conference will have presentations based on short position papers and lots of time for open discussions prepared and introduced by invited discussants. All participants are expected to actively engage in the discussions.