

Minister of Education and Science Antti Kalliomäki

**Going Global: The Challenges for Knowledge-Based Economies conference
Helsinki 21–22.9.2006**

Ladies and gentlemen

Globalisation has become an essential part of social policy discussion. Many countries have drawn up national strategies for coping with the change in the world economy and in international cooperation.

Economic globalisation makes for a deepening division of work and ever steeper competition. This is causing changes in the structure of the labour market, in professions and in knowledge needs. Globalisation increases the mobility of the work force, and companies move their operations to countries which offer the most favourable markets and production factors. As a result, R&D is also increasingly relocated closer to production.

Globalisation quite particularly affects small countries dependent on international trade, like Finland, which make strong investment in knowledge and high-tech know-how and which cannot compete with low labour costs.

It is with a view to appraising the globalisation trend and the challenges arising from it that Finland, as the EU Presidency, together with the European Commission and the innovation research network Six Countries Programme, has organised this conference 'Going Global: the Challenges for Knowledge-Based Economies'.

The conference will assess the impact of recent developments in the world economy on R&D and innovation and on the social, industrial and innovation policies of countries which invest heavily in knowledge. The conference will look at recent research findings in the area and share experiences among representatives of industry and policy-makers.

The organisers have considered it important to ensure that sustainable development — a crucial consideration in globalisation — is given sufficient attention at the conference. It is in the interests of both industrial and developing countries that social and economic welfare is distributed more equitably and that the adverse ecological effects of the growing world economy are minimised.

Finland's long-term investment in science, technology and innovation has been a decisive factor for success in international competition, in the global open economy. I count myself among those who make bold to think that Finland has succeeded in combining economic development with social and environmental development in the best interests of the people.

This view is also validated by the fact that Finland's competitiveness has been rated high in international surveys.

Our success is largely due to the population's high level of education and to our wide-ranging development and use of knowledge. These are national strengths that we want to maintain. This will require ever closer international cooperation.

In global economic development, it is knowledge and innovations that renew, shape and link different sectors in industrial countries. We have to take care that the structures of the innovation and education systems are resilient enough and that policy-making reacts rapidly enough to changes and seizes all new opportunities that present themselves.

In the tightening global economy, it is not enough that each country invests in high-level knowledge and research in its own strong areas. We will have to ensure that we can continually make full use of knowledge produced elsewhere, especially in the emerging economies. Instead of isolation, we need to create favourable conditions for global cooperation. Finland's line in innovation policy is based on openness and strong international cooperation.

Single EU countries do not necessarily have the resources to carry out cooperation with all the developing countries on a permanent basis. Here, the EU programmes can be seen to play a key role — not only in creating and consolidating European networks — but also in promoting and expanding global cooperation. Investment in expensive equipment needed in experimental research is one natural area for global cooperation in which the member states do well to organise their participation through the EU.

It is extremely important for the competitiveness of Europe as a whole and for the European knowledge base that we dare to take bold steps in EU cooperation and try new ambitious forms of cooperation — even taking risks when these can be considered controllable.

In fact, the Seventh Framework Programme for Research and Technological Development contains many significant reforms, which we have great hopes for. These include the establishment of a European Research Council and the European Technology Platforms with their Joint Technology Initiatives.

In technology cooperation, industry is an initiator, but cooperation also needs the input of research institutes, universities and other stakeholders. Pan-European strategic research agendas have been drawn up for several fields in the context of technology communities. Their implementation needs be supported by the Commission, member states and business enterprises. This is a chance we must not miss.

Europe also needs world-class universities, more efficient utilisation of knowledge, and closer cooperation between universities and industry. The European Research Council will provide a significant boost for basic research in European universities. Alongside this, European universities must

be able to translate the knowledge they produce into business, new enterprises and jobs in cooperation with other innovation stakeholders.

The Commission initiative for a European Technology Institute will be discussed during the Finnish Presidency. This initiative must be developed to support the ongoing reform in the European higher education system and to strengthen broad-based innovation policy. The key aim is to develop attractive, world-class innovation environments.

I think it important that EU actions are kept open to countries outside Europe. The EU's international and global cooperation must be developed on a broader base.

Business enterprises have traditionally gone international through direct investments. Their internationalisation is attested by the rapid growth in the number of strategic alliances.

A recent development in the internationalisation of business is the relocation of R&D units closer to where the markets and production are. For instance in Finland, business-sector R&D investments abroad took a sharp upward turn after the turn of the millennium.

World-class research, access to competent researchers and the predictability of legislation governing R&D are also critical considerations for firms in deciding where to locate their R&D and product development units. These are issues that we have stressed in our science, technology and innovation policies.

Our national strategy for creating and strengthening scientific and technological knowledge, which was devised under the leadership of the Science and Technology Policy Council, was published a few months ago. According to it, strategic centres of excellence in science, technology and innovation will be established in five areas, which are energy and environment; metal products and mechanical engineering; forest cluster; health and well-being; and information and communications industry and services. Their operation will rest on the strong commitment of firms, universities, research institutes and financing organisations.

Ladies and gentlemen,

This conference is one measure by which Finland seeks to carry on the discussion on globalisation and mechanisms for controlling it.

I am delighted to see that it has convened such an eminent group of experts on globalisation, international economy and innovation policy. The conference themes are very demanding. I believe that this pooling of expertise will make an important contribution to the dialogue on globalisation.

I wish the best of success to the conference and hope that you will enjoy your stay in Helsinki.