

**Going Global Conference in Helsinki on 21–22 September 2006****International competition between attractive innovation environments intensifying**

Economic globalisation is neither a new nor transient phenomenon. It is here to stay. How, and on what grounds, will multinationals operate and relocate their production and R&D? What kinds of challenges will this trend present to the industrial and innovation policies of small, open economies such as Finland? And what kinds of opportunities for co-operation will globalisation create between industrialised and emerging countries?

These issues will be discussed at the *Going Global: The Challenges for Knowledge-Based Economies* conference in Helsinki on 21-22 September 2006.

**Competitiveness based on efficient, innovative output**

The latest stage of globalisation is being accelerated by the rapid development of information and communication technology and the growth of the major Asian economies. The global economy sets new conditions for the economic and social development of all countries, regardless of their size and stage of development. A principal aspect of this is that nation states' dependency on each other and on key supranational actors will grow.

Economic growth, structural reforms and welfare are based on innovations, know-how and research. The productivity of innovative enterprises is growing at the fastest rate, creating new jobs. Nowadays, many multinational companies have research and development activities in several countries. As companies become more globalised, developing competitive innovation environments and attracting research-intensive companies and international experts will prove a challenge for the currently industrialised countries. Furthermore, the attractiveness of national innovation systems also depends on how well states are able to utilise international research co-operation and reinforce favourable conditions for R&D, such as those based on financial incentives and expert research staff.

These challenges are similar throughout Europe. Reinforcing competitiveness requires bold and ambitious targets. Therefore, the target of the Lisbon growth and jobs strategy is to encourage its member states to increase their investment in research and to promote market demand for innovative products and services. The EU's Seventh Framework Programme for Research (2007-2013) includes many reforms that support the Lisbon strategy. The most significant of these are the establishment of the European Research Council to fund basic research, as well as the European Technology Platforms and the Joint Technology Initiatives, JTIs, based on these platforms, with the objective of reinforcing European technological competitiveness in strategic areas of expertise defined by industry.

**Asian countries will soon be competing based on their own innovation environments**

The strategies of the major, emerging economies in Asia are mainly based on international investments. Previously, investments were attracted by low cost levels, and after prosperity began to grow, by expanding markets – for example, in India, the middle-class population totals more than a quarter of a billion people – and in the future by attractive innovation environments. Overseas

investments require a high-standard innovation environment while also assisting in its development. At the same time, the countries' own industrial bases are becoming more international. In order to bolster their competitiveness, such companies also seek top expertise from abroad.

**R.A. Mashelkar**, Director General of India's Council of Scientific and Industrial Research, has predicted that by 2020 India will be the world's number one knowledge-production centre. More than 150 multinational companies already have an R&D centre in India. At the same time, India has the firm objective of developing technologies enabling a greater proportion of the world's population to enjoy consumption opportunities previously only available to more prosperous countries and citizens. Thirty per cent of the Indian population still lives below the poverty line.

### **Co-operation to help in utilising opportunities provided by globalisation**

In the current, rapidly-changing world, individual states cannot have an impact on changes in economic life or prevent the adverse effects of globalisation. In Europe and throughout the world, there is a clear need to hold a common dialogue and seek methods that nation states can use in order to meet the challenges posed by globalisation and, on the other hand, for utilising the possibilities offered by it.

The discussions and main results of the Going Global 2006 conference in Helsinki will be published in the form of a report, which will provide information for national innovation policy formulation.

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Conference programme and further information: <http://goingglobal2006.vtt.fi/>

