



Ministry of Economic Affairs

Some reflections on dynamics of Dutch industrial structure vs EU-15 and OECD and some policy options

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Brussels, November 18th,
2010

18 November 2010



Content:

- Dutch analysis on private R&D-intensity
- Policy options for increasing R&D intensity
- Governance issues
- How to involve stakeholders?
- Need for strategic intelligence

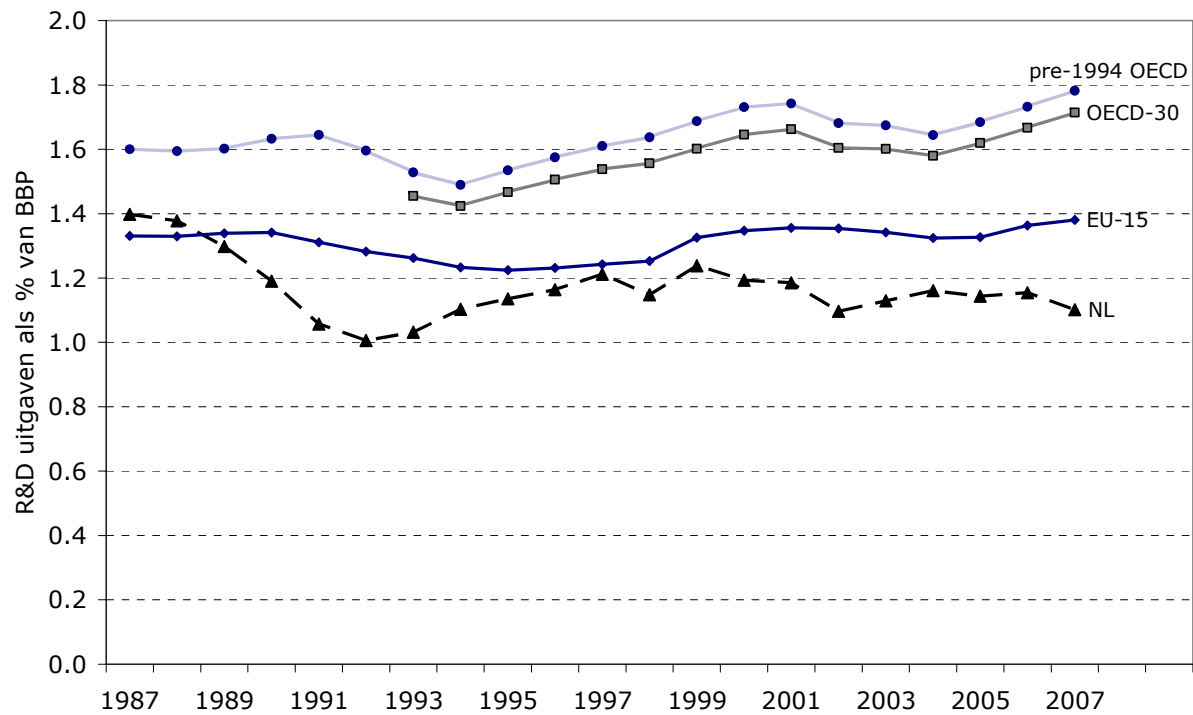


To what extent the issues of Industrial structures and company's dynamics can be addressed by concrete policy measures?

- Industrial structure is permanent point of concern in Dutch research and innovation policy
- Good example is paper by the "Innovation Platform" : Analysis of the Netherlands private R&D position (2008); update is in the pipeline
- Private R&D shortfall of the Netherlands compared to EU-15 and OECD is analysed by structure effect and intrinsic effect
- Policy questions:
 - What is realistic level of ambition for the Netherlands set against the relative position within the EU?
 - What are promising actions to increase private R&D intensity



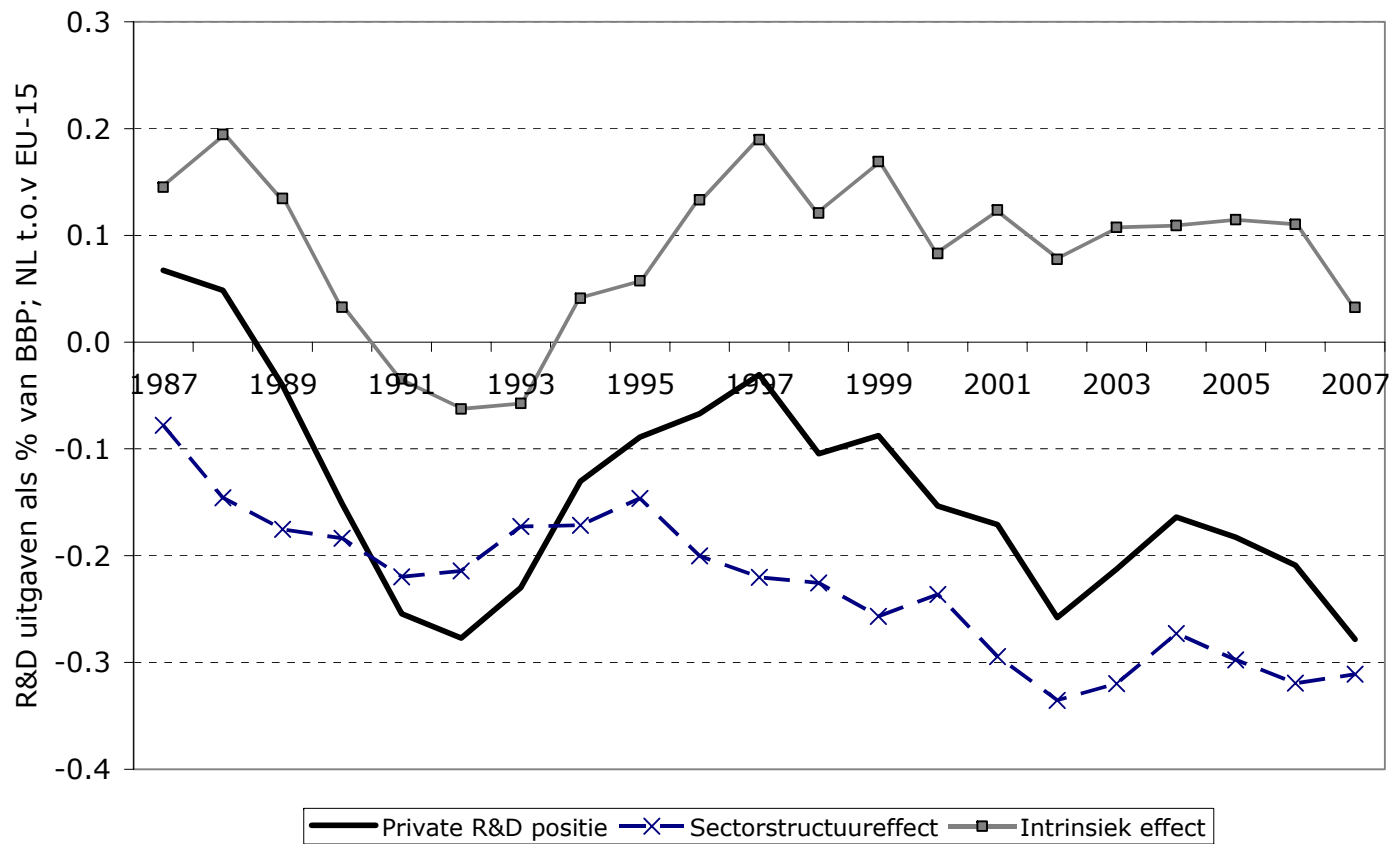
Private R&D intensity of the Netherlands vs. EU and OECD (1987-2007)



Source: OECD main Science & Technology Indicators and EU-KLEMS



Dutch R&D gap vs EU15 split by structure-effect and intrinsic effect





Dutch R&D gap vs OECD pre 1994 split by structure-effect and intrinsic effect

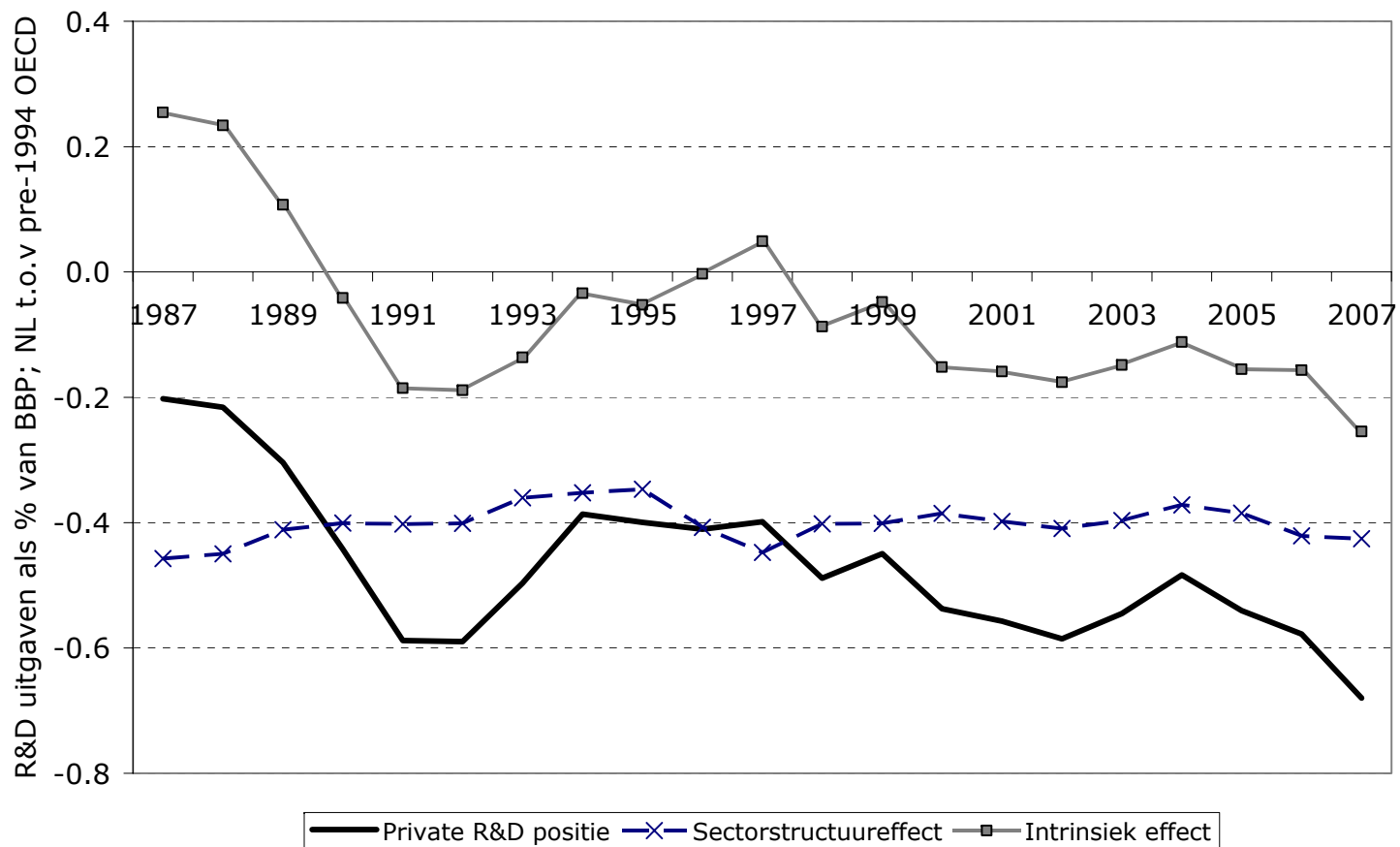




Table 1. Difference in private R&D vis-à-vis OECD average (pre 1994), average 1995-2003

Contributions in percentage points of national gross domestic product

	R&D expenditure as % of GDP	R&D difference vis-à-vis OECD	Intrinsic effect	Sector composition effect	R&D target as % of GDP
OECD (pre-1994)	1.68	-	-	-	-
Austria	1.35	-0.33	-0.08	-0.25	1.43
Belgium	1.51	-0.17	-0.23	0.05	1.74
Czech republic	0.76	-0.92	-1.07	0.16	1.84
Denmark	1.66	-0.02	0.39	-0.41	1.27
Finland	2.34	0.66	0.18	0.48	2.16
France	1.53	-0.15	0.00	-0.15	1.53
Germany	1.79	0.11	-0.21	0.32	2.00
Greece	0.19	-1.49	-0.47	-1.03	0.65
Italy	0.57	-1.11	-0.82	-0.29	1.39
Netherlands	1.17	-0.51	-0.21	-0.31	1.37
Poland	0.27	-1.41	-1.20	-0.21	1.47
Portugal	0.21	-1.47	-0.84	-0.63	1.05
Slovak Republic	0.53	-1.15	-1.00	-0.15	1.53
Spain	0.50	-1.18	-0.74	-0.43	1.25
Sweden	3.17	1.49	1.29	0.20	1.88
United Kingdom	1.33	-0.35	-0.37	0.02	1.70

Source: calculations of the Dutch Ministry of Economic Affairs based on the OECD ANBERD and STAN databases and GGDC 60-Industry Database.



Policy options for increasing R&D intensity

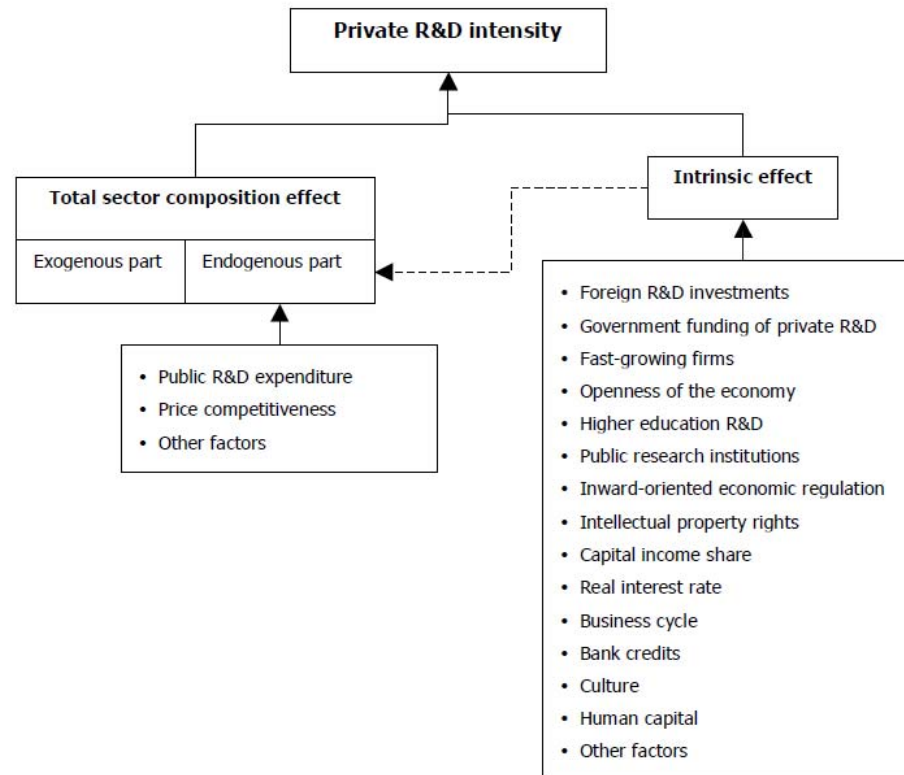


Figure 8: Relationship between private R&D intensity, the intrinsic effect and the sector composition effect

Source: Erken and Van Es (2007), based on Erken and Ruiters (2005).



Policy questions

- governance issue:
 - role of departments involved
 - Link with societal challenges: ownership critical condition
 - Dutch experience with Innovation Platform
- View from Industry:
 - Global scope versus national interest
 - R&D follows global footprint
- Strategic Intelligence:
 - New data on innovation: new indicators developed by OECD/NESTI
 - Information about global knowledge chains
 - New insights: e.g. “Yollies versus Ollies” by Veugelers and Sincera (important for new indicator on Innovation for EU2020)
 - More info on service sector and soft forms of innovation



Thank You!