

Baltic Metropolises Innovation Strategy

Connecting neighbours – Inter-regional cluster alliances

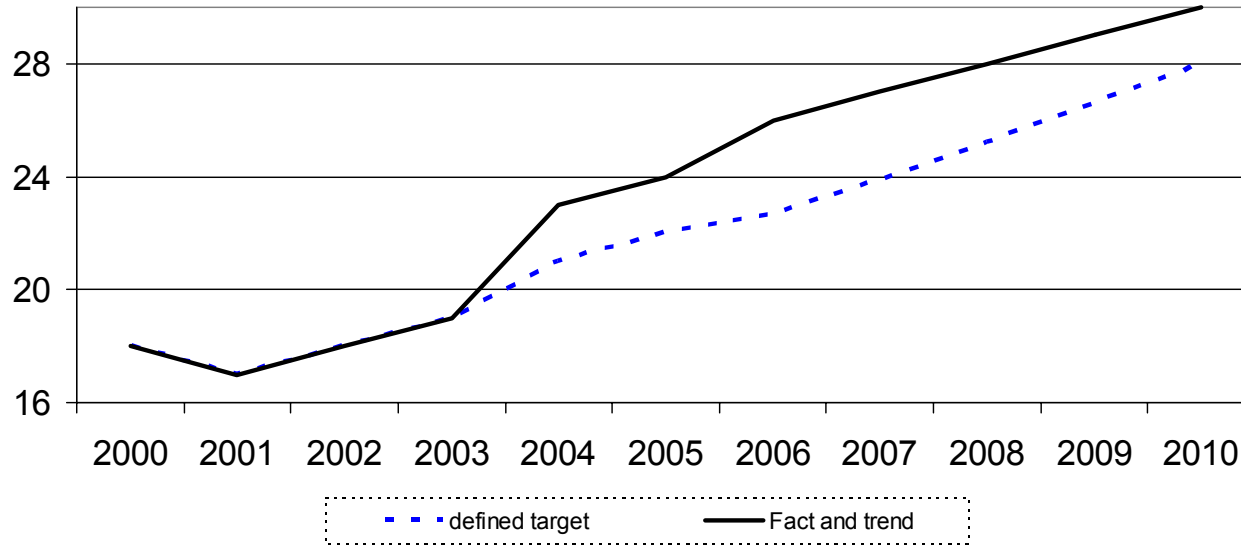
Berlin, 13.11.2007

Valdis Avotins, Innovation policy expert



Project part-financed by the European Union

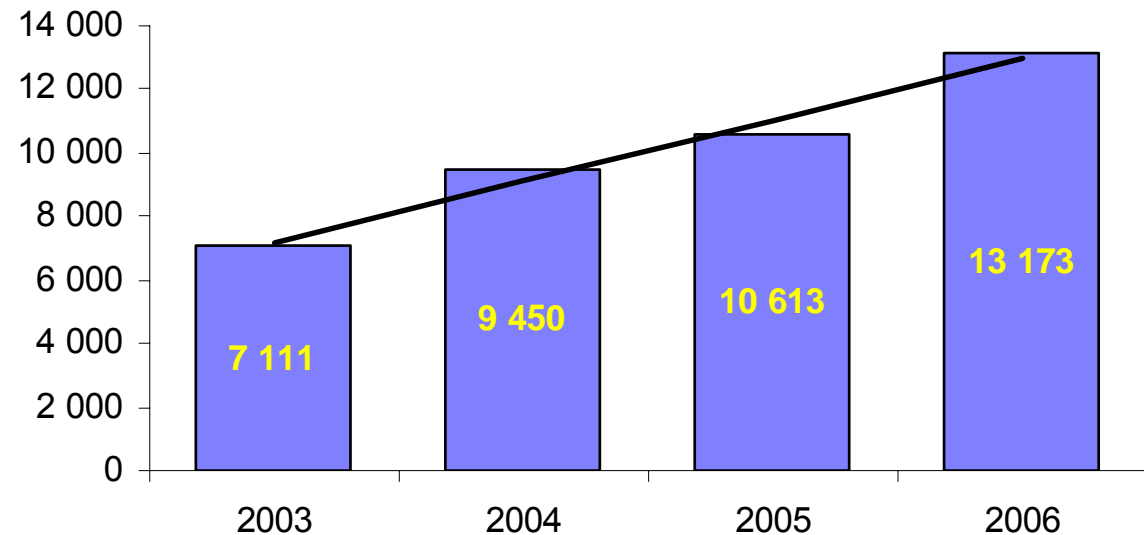
Number of enterprises per 1000 inhabitants



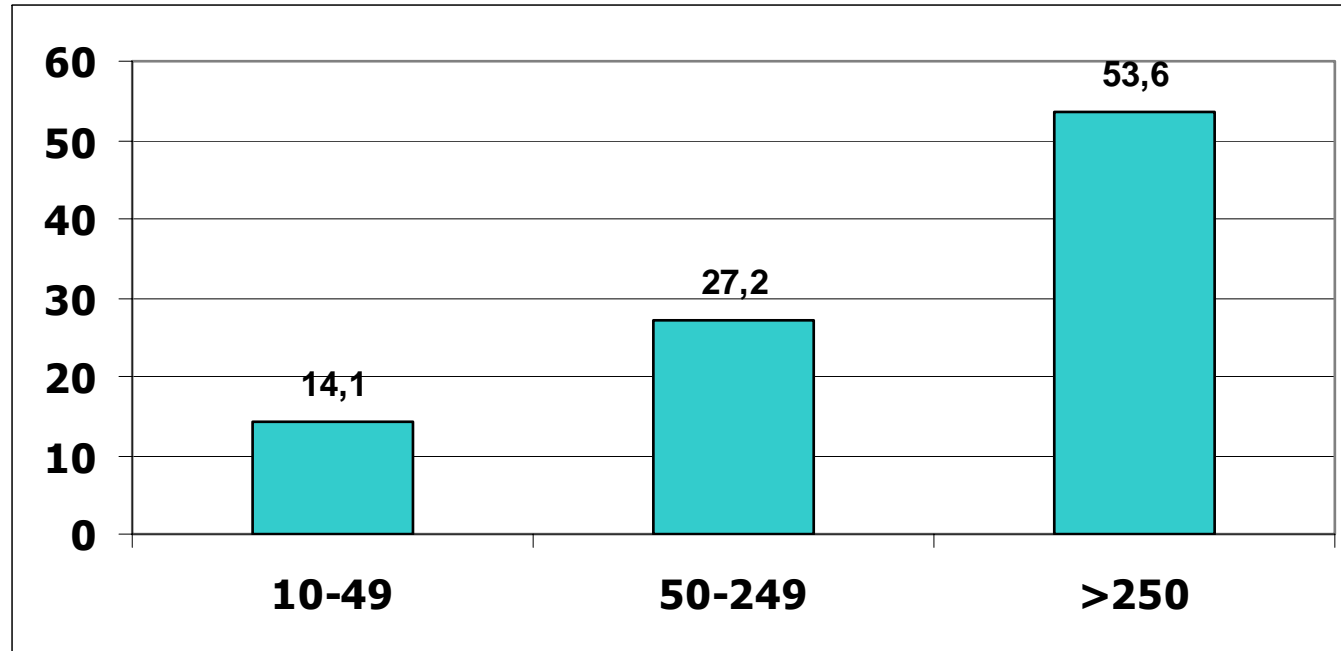
- 26 entrepreneurs per 1000 inhabitants in 2006
- 44 economically active units (enterprises, farms, fisher farms, individual work performers) per 1000 inhabitants in 2006

Registration of new enterprises

Source: MoE



Share of innovative firms, %, 2002-2004



17,5% innovative firms gave 42,3% of total turnover in 2004

Only 4,7% product innovative

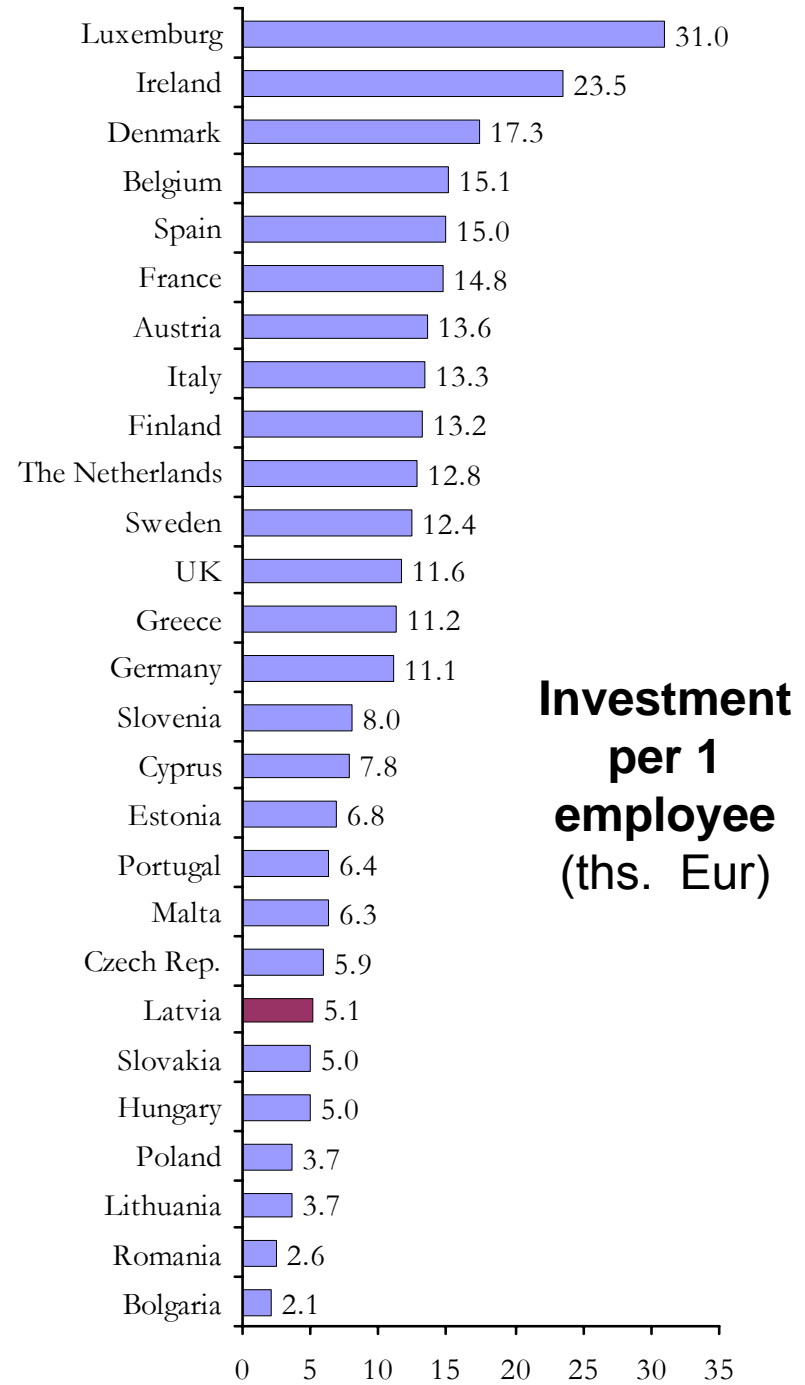
Only 3,5% high-tech in manufacturing

Source: CSB

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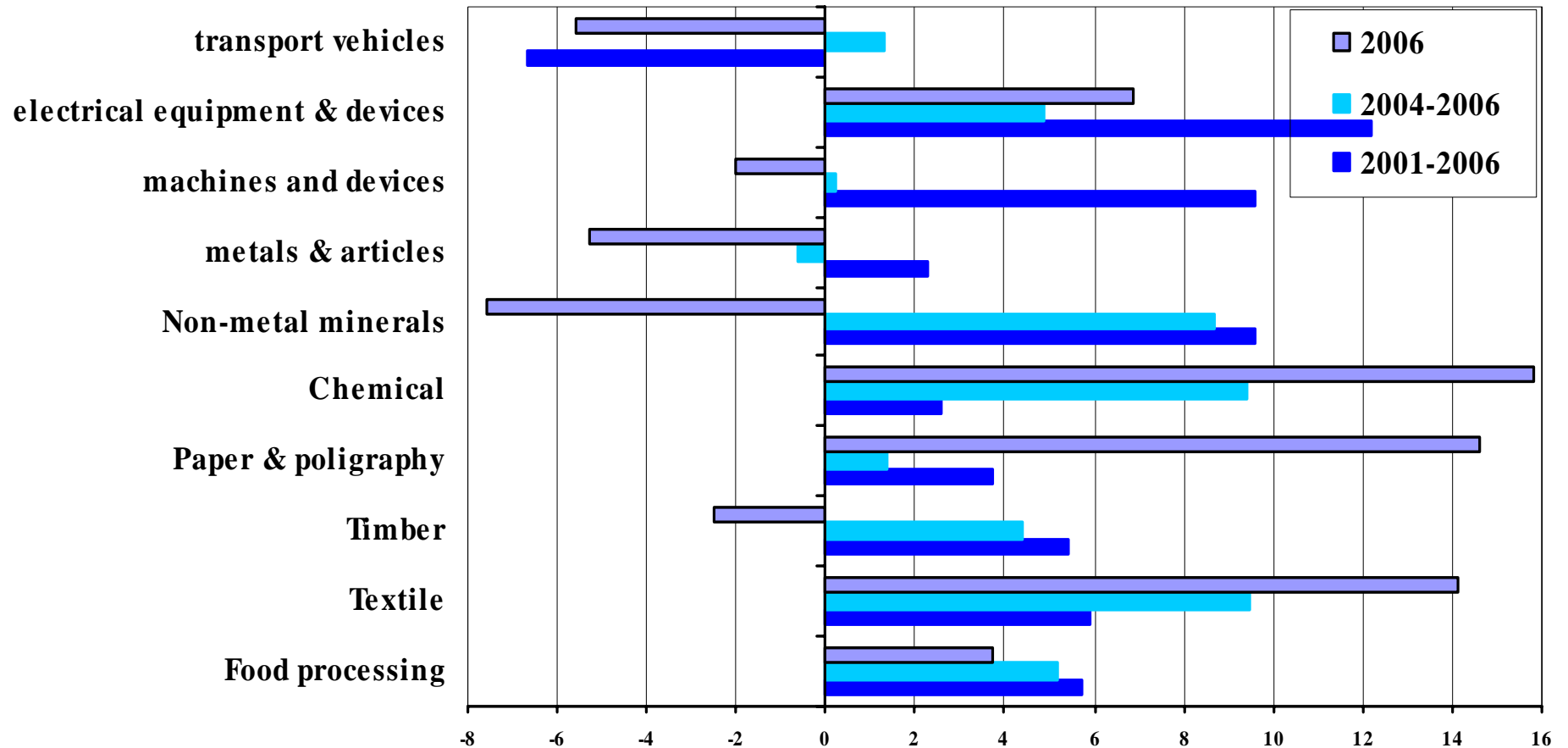
**Investment per
1 employee -
growth trend in
EU countries
2004-2006**



**Investment
per 1
employee
(ths. Eur)**

Productivity of manufacturing sectors

(average growth trends in period, %)



Productivity and innovation as growth base

- 2007 is last year for high employment growth
 - Unemployment reduced to 6.5%: since 2002 new jobs created 120ths. or 12.4%
 - Demographics: low birth rate
 - Emigration: int. competition in EU
 - Working day will not grow

Fig. 1. Official unemployment versus vacancies in Riga, ths

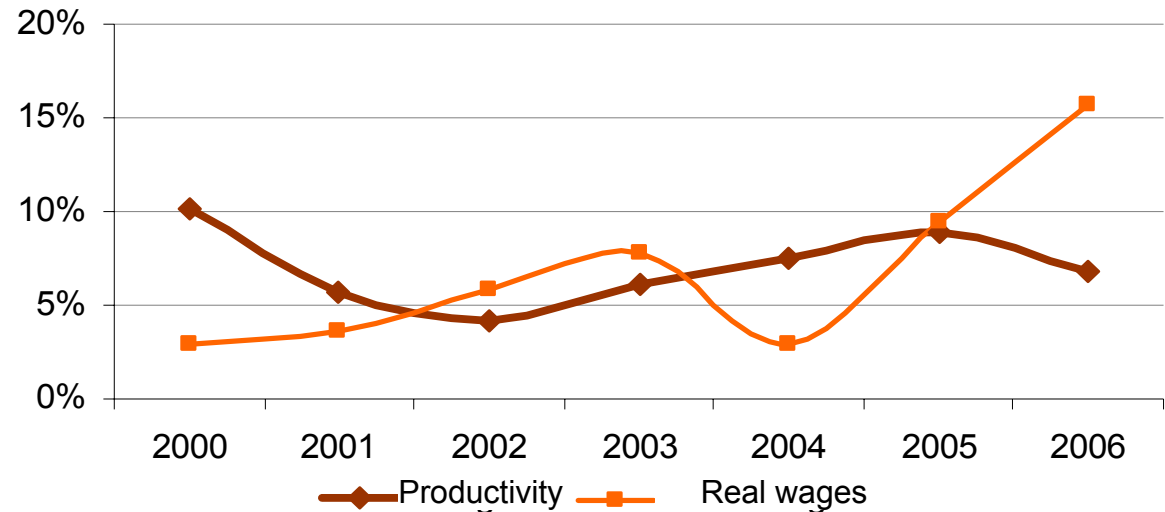


- Productivity – high growth potential
- It is not sufficient to increase productivity
 - If wages grow too fast, firm becomes uncompetitive
 - Over optimism supports development now, increases future's risk

Is growth rate too high?

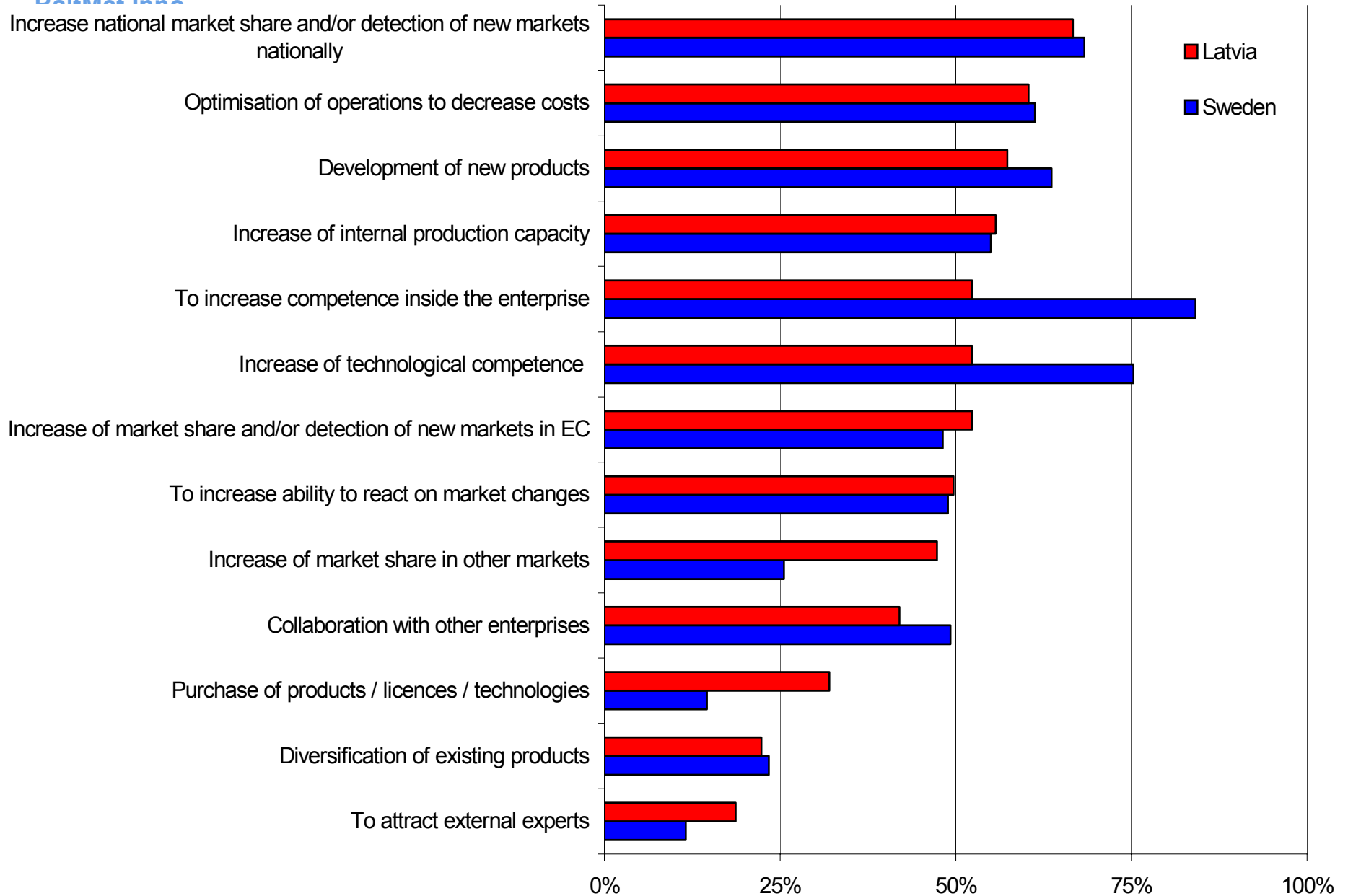
Fig.2. Productivity and real wages, Y growth

- GDP growth not balanced
 - Optimal GDP growth 6-8% yearly
 - Wage increase over productivity growth: nice but with high risk



- Unit Labour Costs (ULC) in Latvia grow rapidly
 - In 2006 in Latvia ULC grow by 2.4% (4.8% in 2005), in Lithuania - 0.2% (2.3% decrease in 2005). In Estonia ULC decreased by 0.4% (-3.8% in 2005), ES15 - 0.7% (-0.4%) respectively
- As a result goods become uncompetitive in both external and internal markets and causes structural disbalance

Lack of technological competitiveness



Partnership to develop knowledge potential

Existing SME: intrapreneurship	Entrepreneurship	Awareness building
<p>Creativity as a part of business</p> <p>Attraction of talants</p> <p>Technology transfer to and from USA, India, China, Russia</p> <p>IRCs</p>	<p>Network of incubators and pre-incubators</p> <p>Competence Centres</p> <p>Cluster networks</p> <p>Network of industrial and science parks</p>	<p>Innovation days – innovation circus</p> <p>Regional Innovation awards and contests</p> <p>Attraction of talants</p> <p>Promotion of innovation culture</p>

An entrepreneurship and innovation culture means an environment where people can explore and express their creative, innovative and business acumen. It is an environment whereby entrepreneurs and innovators are the norm in society rather than an exception.

Syntagon - Pharmaceutical contract R&D centre - 3MEUR



Grant-Biosan Partnership

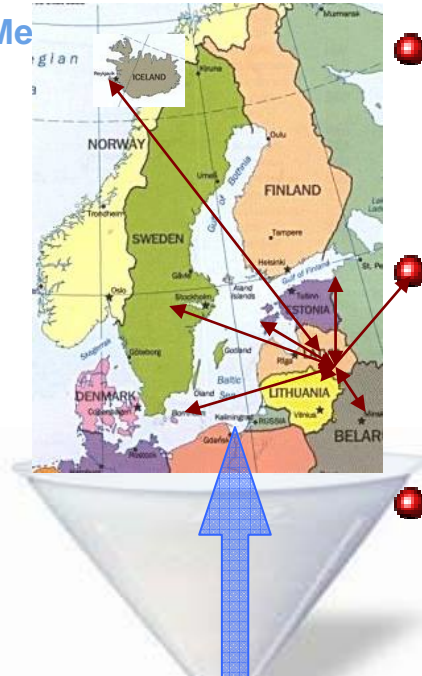


Develop, manufacture and sell heating and cooling products for laboratories

Sell to over 100 countries through many of the major distributors



Partnership with regions



- Active role of metropolis – knowledge, education and culture center;
- Riga as gate to global knowledge; transfer to regions of Latvia;
- Role of regional financial centre – 41% of all Baltic assets (EUR 55 bln) and 24 out of 39 banks are in Riga



- Industrial and technology parks near airport – 25 & 52 ha, **20MEUR**
- Easy to access – Airport offers **52 direct destinations + big ambitions**
- Demanded - foreign visitors in Riga – **3.77 million in 2005 and 4.65 million in 2006**

More ...

- New techniques at technology parks
- Continuation of BSR Innonet for cluster development
- Experimentation fund like “innovative Actions”
- Eco – innovations
- Energy – related innovations
- BSR Metropolia think – tank to adress global challenges
- Promotion of high growth companies
- Mobility as a resource

Thank you for
attention!

