The NIS in Estonia and Global Innovation Networks

Marek Tiits

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Outline

1. Economic performance and environment for innovation
2. Governance of Estonian R&D and innovation system
3. Main R&D actors and their activities
4. National learning system
5. Knowledge flows
6. Conclusions

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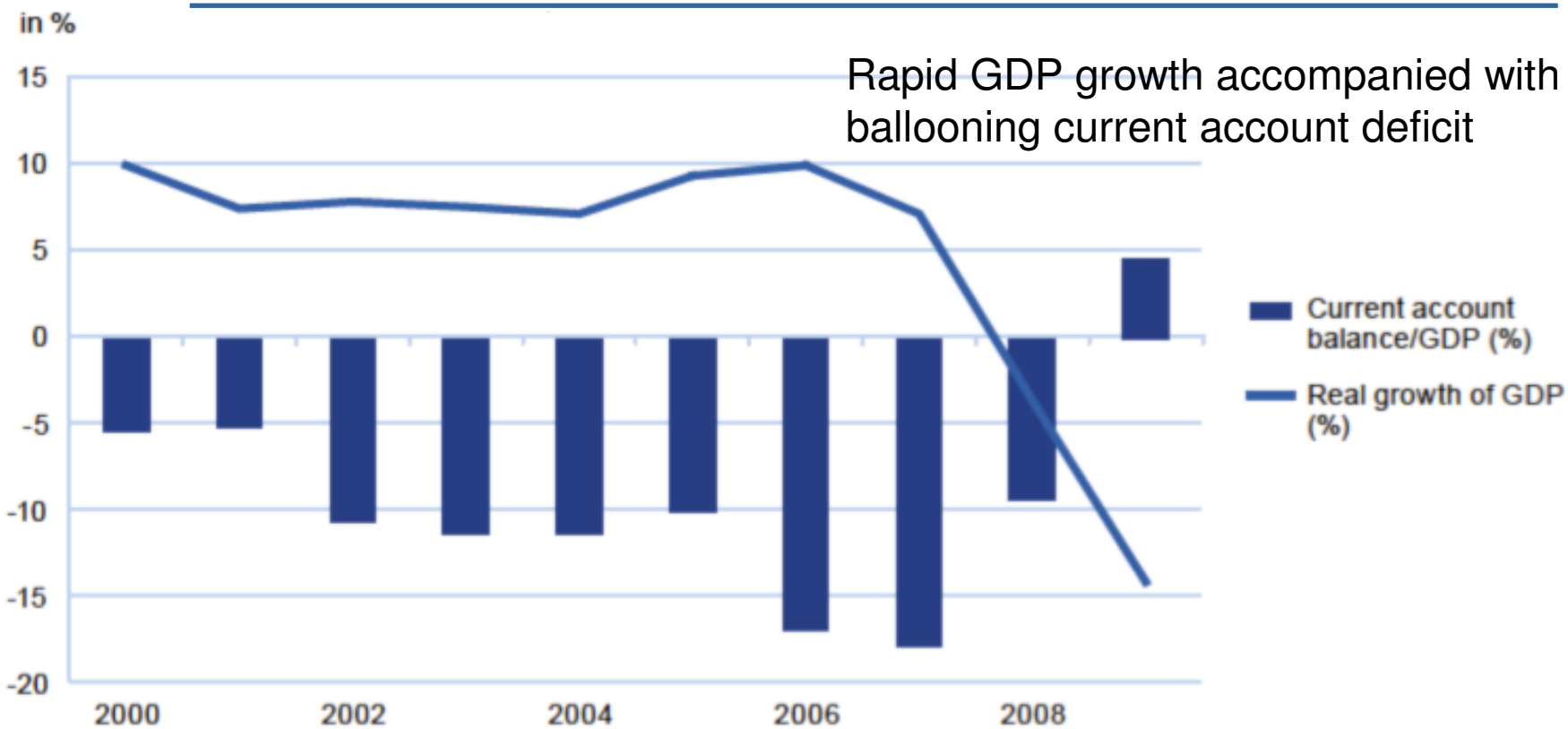
Economic performance

Rapid GDP growth accompanied with ballooning current account deficit



Source: Bank of Estonia (2010)

State of the Region-Report 2010

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Outline

Very close integration into the GPNs through the Nordic neighbours

2/3 of inward FDI from &
2/3 of the exports to
Finland and Sweden

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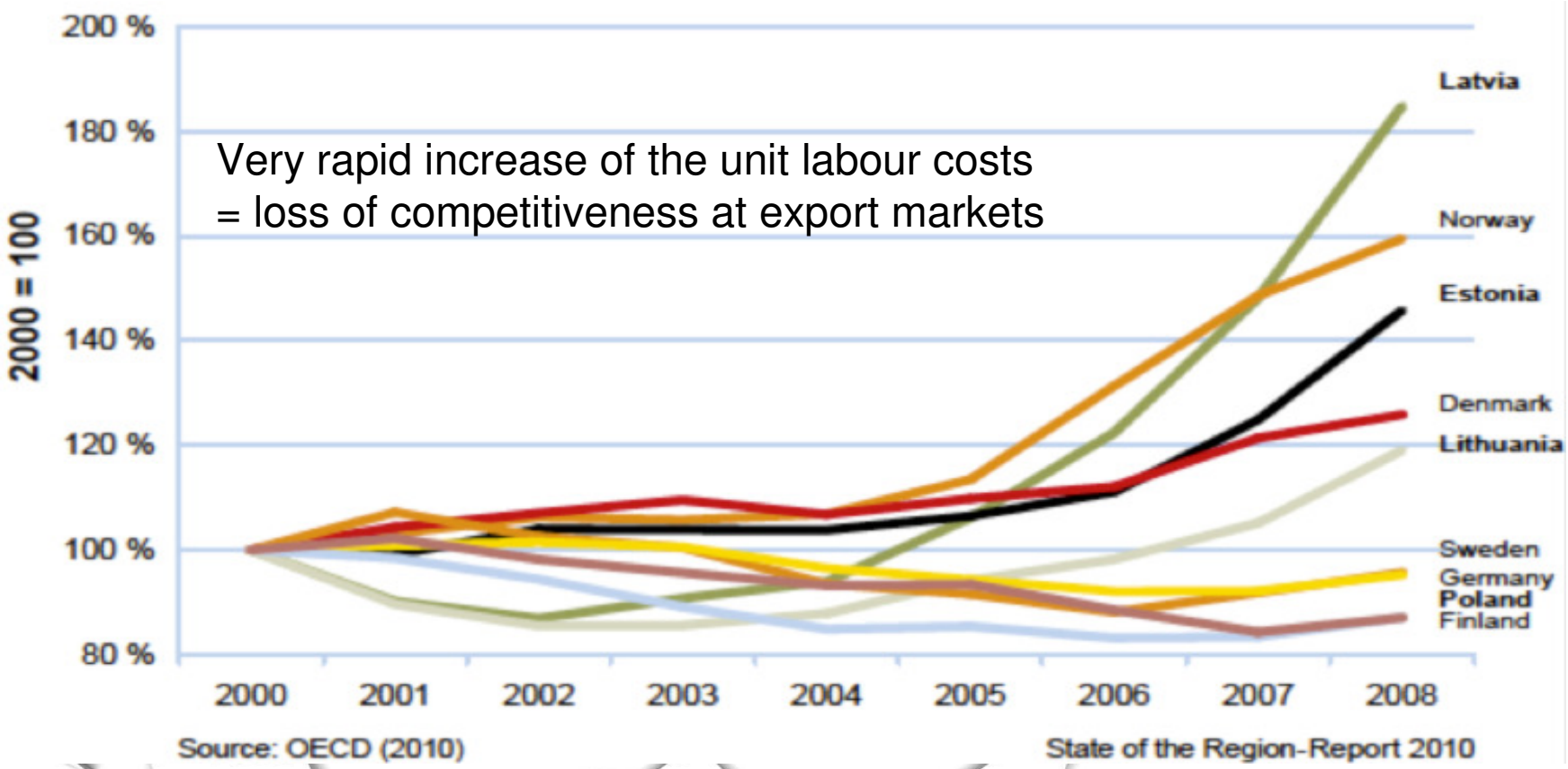
Economic performance II



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Governance in public policy

- Neo-liberal laissez faire policy of the 1990s has been gradually replaced with more active entrepreneurship and RTDI policies.

- High expectations on FDI based upgrading, yet clustering between FIE and indigenous enterprises remains limited.

- Accession to the EU in 2004.

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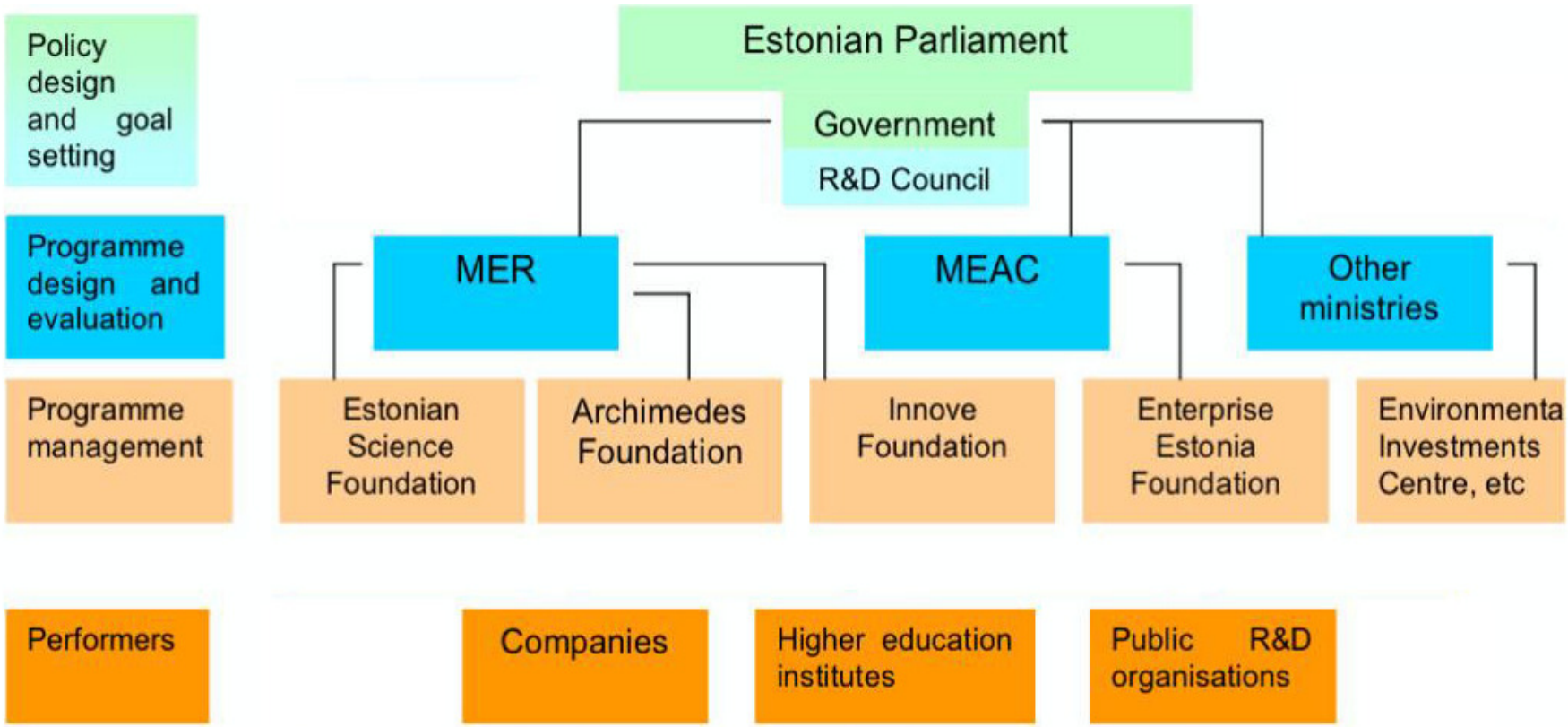
Governance of the R&D and innovation system



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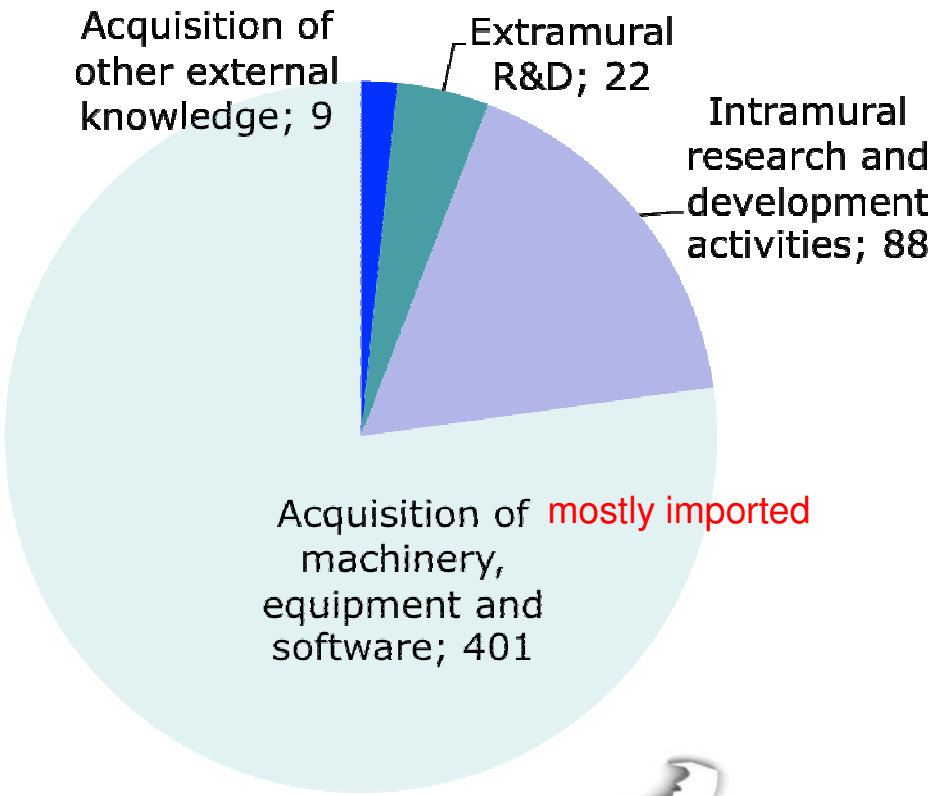
Main R&D actors and their activities

- Although the business R&D has been growing in recent years very rapidly, the R&D scene is still dominated by public sector
  - Public research is concentrated to two main universities
  - Business R&D also rather concentrated: 30 largest companies = 1/3 of BERD
  - Another half of the 30 largest do not undertake any R&D at all

Narrow or broad NIS? Which one is more appropriate?

Innovation expenditure of innovative enterprises
(in MEUR)



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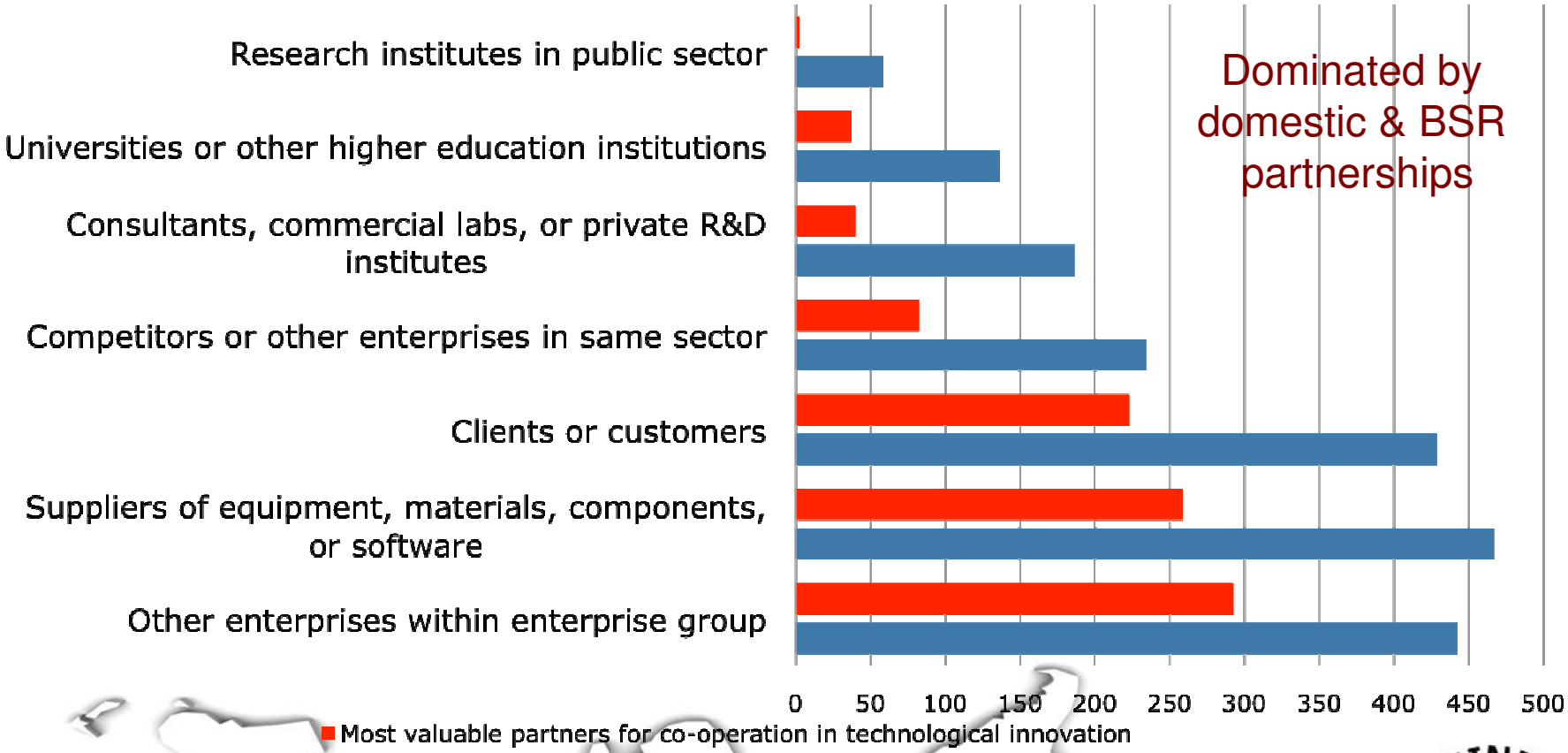
Co-operation in technological innovation 2006-2008



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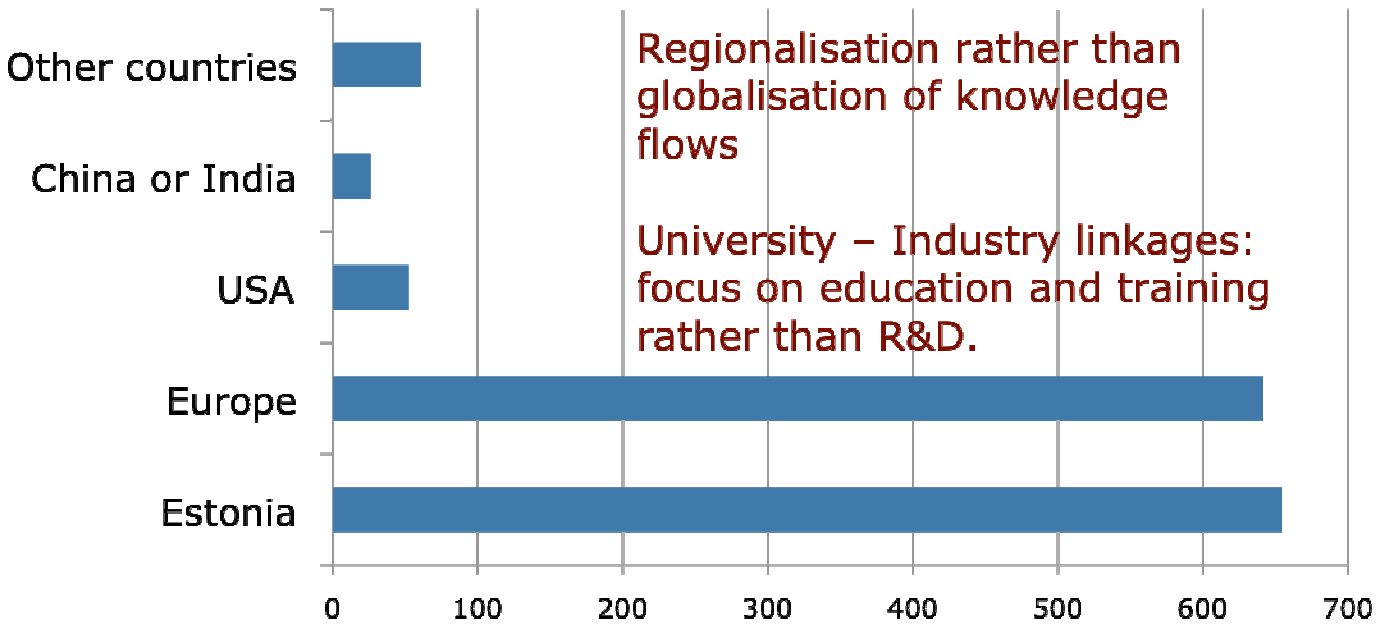
Partners of innovative enterprises 2006-2008



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Conclusions

- The very rapid GDP growth experienced in Estonia recently has been connected to massive in-flows of foreign finance and consumption boom rather than domestic innovative activities.
- Cross-border regional linkages in the Baltic Sea Region are the main way of accessing the GPN.
- Entrance to broader R&D intensive GINs still to follow, subject to the evolution of the structure of the industry.
- Remark on analytical tools: narrow R&D centric NIS concept not particularly suitable for small (catching-up) economies such as Estonia.