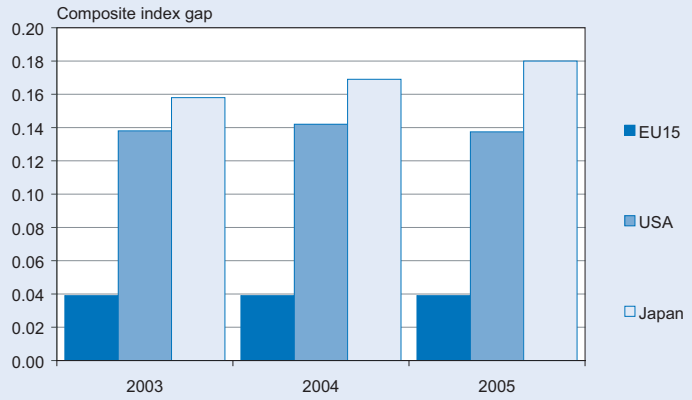
# EU25 INNOVATION GAP REMAINS LARGE

EU25 INNOVATION GAP TOWARDS US, JAPAN AND EU15




Source: European Comission.

The *European Innovation Scoreboard* (EIS) is the instrument developed by the European Commission, under the Lisbon Strategy, to evaluate and compare the innovation performance of the Member States. The EIS 2005 includes innovation indicators and trend analyses for all 25 EU Member States, as well as for Bulgaria, Romania, Turkey, Iceland, Norway, Switzerland, the United States and Japan. With respect to the situation in Europe, significant national differences are still observed as reflected by their Summary Innovation Index (SII).

Based on their SII score and the growth rate of the SII, the European countries can be divided into four groups:

- Switzerland, Finland, Sweden, Denmark and Germany make up the group of *"Leading countries"*.
- France, Luxembourg, Ireland, United Kingdom, Netherlands, Belgium, Austria, Norway, Italy and Iceland all belong to the group of countries showing *"Average performance"*.
- Countries *"Catching up"* are Slovenia, Hungary, Portugal, Czech Republic, Lithuania, Latvia, Greece, Cyprus and Malta.
- Countries *"Losing ground"* are Estonia, Spain, Bulgaria, Poland, Slovakia, Romania and Turkey .

Although many countries show signs of catching-up, none of these countries is expected to complete this process by 2010. Using a simple linear extrapolation of current performances and growth rates, only Hungary , Slovenia and Italy are expected to reach the EU25 average within 20 years. For the other countries this process will take even longer, for some even more than 50 years. This also means that it would take more than 50 years for the EU25 to catch up to the US level of innovation performance.

The innovation gap between the enlarged European Union as a whole and the United States and Japan is substantial. The latter two countries are still far ahead of the EU25.

While the innovation gap between the EU25 and the United States is nearly stable, the one between EU25 and Japan is even increasing. About 70% of the EU-US innovation gap is explained by lagging EU performance in three indicators: USPTO (United States Patent and Trademark Office) patents, population with tertiary education and ICT expenditures. The EU-Japan innovation gap is largely explained by lagging EU performance in three indicators: USPTO patents, Triad patents and population with tertiary education. However, the economic interpretation of these statistical differences must be conducted with care where, for example, the patenting performance does not only reflect a difference in terms of innovation performance, but also in terms of business usage and sector coverage.

H.C.S.