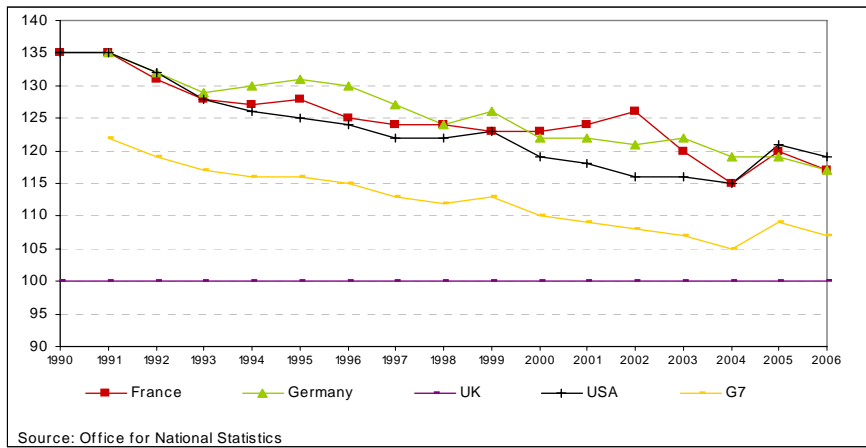


# BERR and the Innovation Agenda

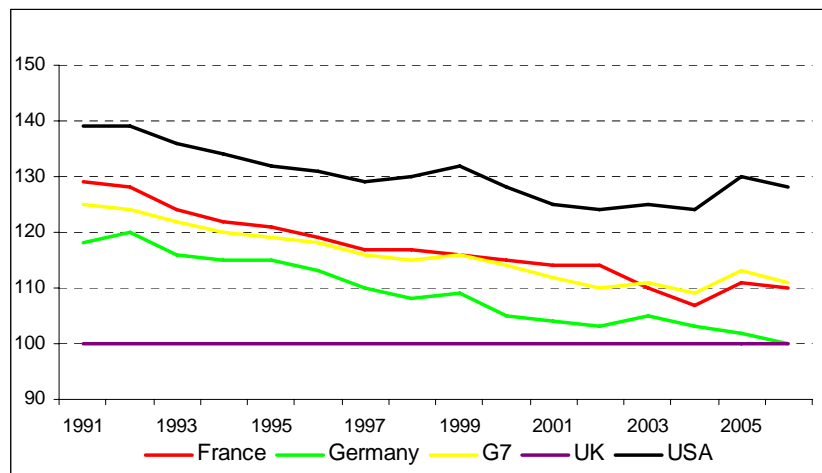
## BERR and the Productivity Agenda

- BERR leads three productivity-related PSAs:
  - PSA1 – raise the productivity of the UK
  - PSA6 – deliver the conditions for business success
  - PSA7 – improve regional performance, reduce gaps in regional growth rates
- and supports DIUS lead on PSA4

## GDP per hour, current PPPs



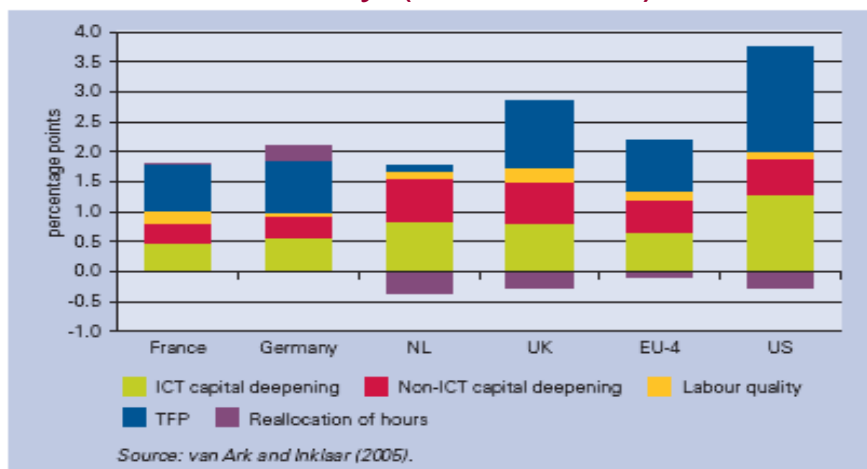
## GDP per worker, current PPPs



## Importance of Innovation

- One of the Five Drivers of productivity
  - Key to delivery of PSA 1 (productivity):
  - Higher value added comes from new products, services and processes
- Also has its own PSA 4
  - promotion of world class science and innovation

## Sources of labour productivity growth, market economy (1995-2003)



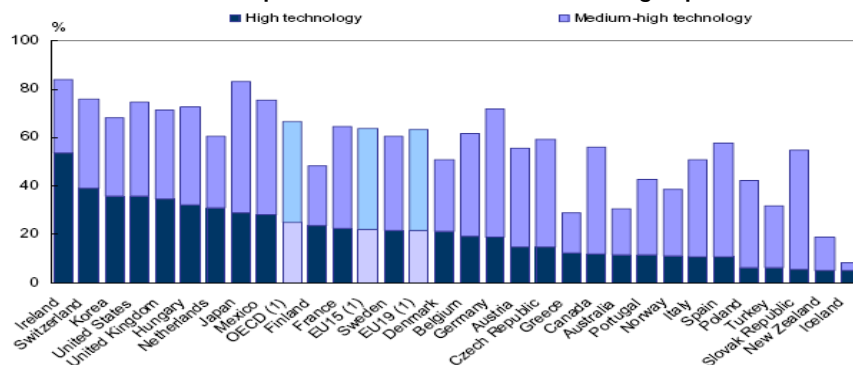
## Shares of world exports of services

%	UK		US		Germany		France	
	1991	2004	1991	2004	1991	2004	1991	2004
Total	6.7	8.7	19.4	15.8	7.6	6.6	9.6	5.1
Financial	22.1	24.4	17.1	18.1	3.2	4.2	20.8	1.2
Insurance	9.4	20.7	2.6	10.8	1.7	6.3	26.0	2.7
Personal	15.9	13.9	41.2	25.9	2.9	3.3	10.9	7.9
Computer	18.3	13.7	53.5	8.7	8.8	10.6	2.2	2.0
Communications	17.1	11.0	33.5	10.2	11.3	7.3	2.1	6.7
Other Business	5.7	10.3	10.2	13.3	7.0	7.8	12.4	4.8
Royalties	10.6	10.6	56.7	47.4	6.0	4.7	4.4	4.6
Transportation	6.0	6.2	18.3	11.6	7.3	7.0	8.2	5.3
Government	5.7	6.2	31.1	31.9	24.3	13.8	3.1	1.5
Travel	5.5	4.6	21.6	15.3	5.7	4.5	8.1	6.7
Construction	0.6	1.2	7.9	7.3	20.9	17.2	11.4	7.8

Source: IMF

## Hi-tech manufactured as a % of total UK exports,

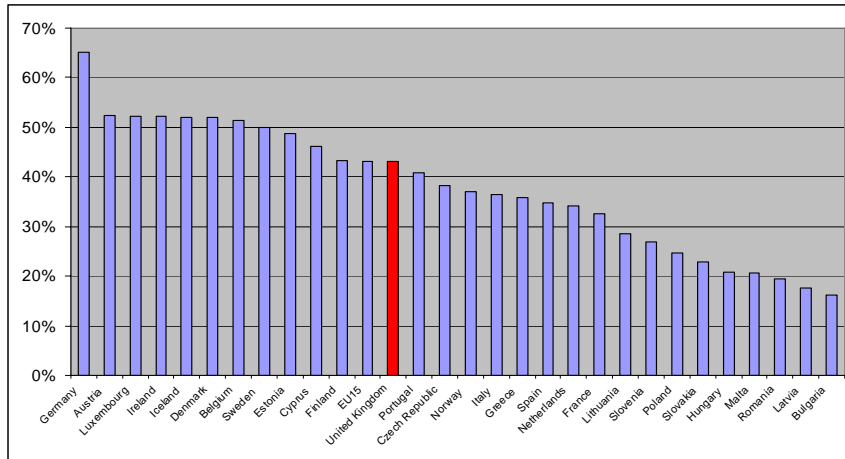
Hi and Med-Hi Tech Exports as a % of Total Manufacturing Exports 2003



1. Excluding Luxembourg.

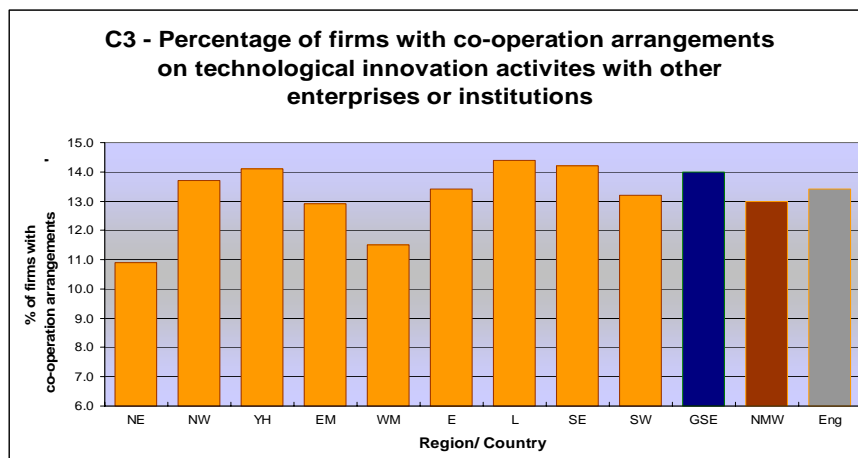
Source: OECD, STAN Indicators database, June 2005.

## Innovation Activity in the UK



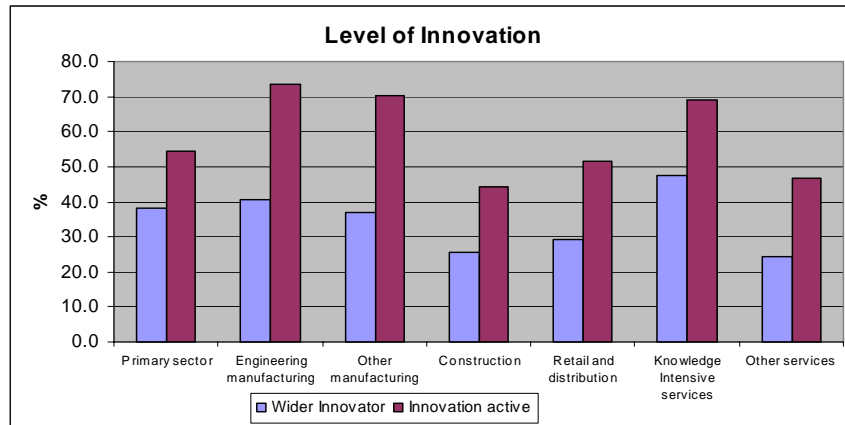
Source: OECD

## Regional Innovation



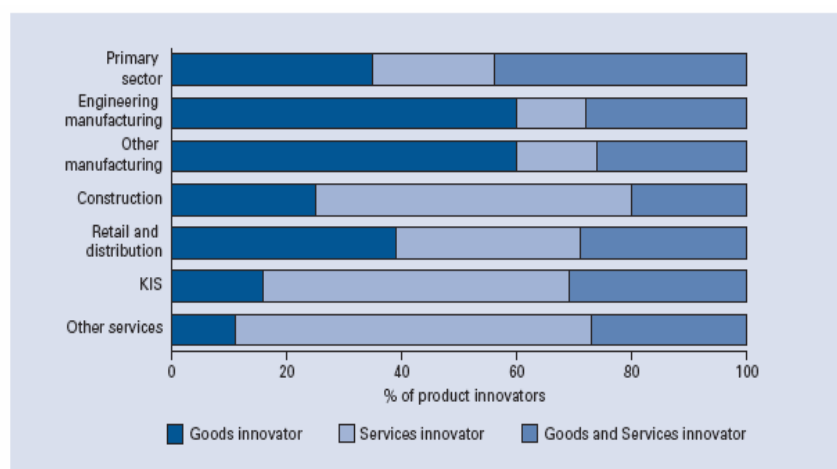
Source: Community Innovation Survey

## Innovation activity in different UK sectors



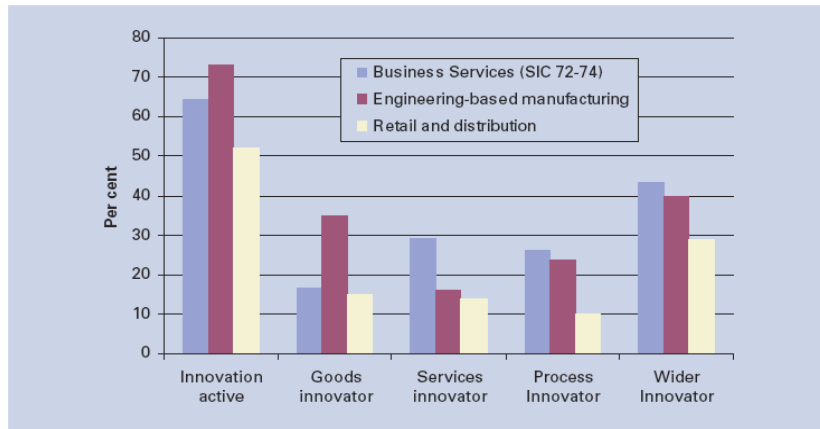
Source: Community Innovation Survey

## Goods and Services Innovation



Source: Community Innovation Survey (CIS4). KIS are knowledge-intensive services.

## Types of innovation activity by Business Services firms in UK, 2005



Source: CIS 2005

## BERR contribution to the innovation agenda

- Working with RDAs to promote innovation in regions
- Promoting innovation through sector sponsorship
- Linking enterprise with innovation as set out in the Innovation White Paper and Enterprise Strategy
- Ensuring government's manufacturing strategy supports technical innovation and R&D
- Analysing the impact of demand-side drivers of innovation (e.g. public procurement and regulation)
- Exploring the impact of innovation in the energy sector

## Working with DIUS

- BERR and DIUS work together on:
  - Productivity PSA Delivery Board
  - Innovation in Services
  - Innovation Index (NESTA)
  - Targeting support to technologies (TSB)