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Keynote Panel: Innovation, Intellectual Property and Investment

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Thank you for your kind introduction.

- First of all, I would like to thank the OECD Secretariat for their preparation for this OECD Forum. It is my great honor to participate in this Forum, which brings together policy makers, business leaders and representatives of civil society from around the world to discuss the hottest issues on the international agenda.
- Today, we are faced with intensifying international competition as a result of increasing globalization. In this context, innovation is the key to achieve economic growth as well as to overcome global challenges related to the environment, natural resources and energy.
- In order to make innovation lead to economic growth, there is a need to develop an innovation-friendly business environment symbolized by the “three Is,” that is, (one), the promotion of Innovation, (two), greater commercialization of the fruits of innovation through appropriate IPR protection and (three), a more attractive Investment environment for engaging the dynamism of the global economy.
- Industry is the major player for promoting innovation. The role of the government is to develop a business environment where industry can continue to innovate. The seeds of technology alone will not lead to innovation. It is important to create a trend where new technology and ideas accelerate social transformation.
- Examples of improvement of the business environment by the government include measures (one), to promote FDI by opening up domestic markets, (two), to strengthen the ability for technology based corporate management, (three), to promote collaboration among industry, academia and government, (four), to encourage the practical use of regional assets, and (five), deregulation. In this context, we have established the concept of the “Innovation Super Highway” for the purpose of matching more rapidly technical seeds with the market needs of industries. The following are examples of policy measures under this concept; (one), development of human resources for industry at national research institutes in order to strengthen technology based management capability ; (two), concentration of R&D budget on projects such as fuel cell technology, which requires a fusion of knowledge in different technological areas including chemistry, material and machinery; (three), expansion of matching funds for business-academia collaboration projects; and (four), promotion of policies to bridge clinical activities and basic medical research, accompanied by institutional reform.

- What is more important is the protection of IPR. As a legislator of the ruling party, I have been involved with this issue for a long time, even before I was appointed as Minister of Economy, Trade and Industry. I was responsible for the formulation of the “Basic Law on Intellectual Property,” which stipulates the basic principles of Japan’s intellectual property policy. The law outlines the responsibility of the government to develop measures necessary to create an environment for prompt and appropriate protection of intellectual property at home and abroad, and for active use of intellectual property in the economy and society to make maximum use of its value.
- To implement this concept, Japan is cooperating with other relevant countries to promote the establishment of a “Patent Prosecution Highway” to protect IPR of companies with global activities. This is a system whereby applications for which patents have been granted in the first country will be eligible for accelerated examination through simple procedures in a second country. Japan has already launched the system with the U.S. from last July and with Korea from last month, and will start the system with the U.K. from July this year. When the system goes into full operation, the waiting period for examination of such patents in Japan will be shortened from the current twenty-six months to two and a half months. It is also important to promote the efficient use of unused domestic IPR by small companies. As a recent effort in Japan, we have opened consultation centers at approximately three thousand locations nationwide and are holding many seminars to support the utilization of intellectual property at small and medium enterprises.
- Innovation is also indispensable to overcome critical global challenges for all humankind, such as natural resources or energy constraints and global environmental issues, including climate change. For example, researchers in Japan are deeply engaged in R&D of revolutionary technologies such as (one), Biomass-based Petrochemical Production Technology, (two), Environmentally-friendly production Technology using wastes and by-products as input, (three), High-performance photovoltaic cells and Fuel cells/Hydrogen-fuelled vehicles and (four), Zero-emission Coal power plant with Carbon-dioxide Capture and Storage.
- What is important in addition to technology per se is a shift in mindset to regard the environment and economy not as contradictory to each other but as symbiotic. In other words, it is essential for us to create a new system where “environment-consciousness” and “business development” are heading in the same direction. We call this system “Eco-innovation” and we strongly believe that we need to promote this idea in collaboration with other countries.
- One clue to achieving “Eco-Innovation” is derived from Japan’s own experience in energy conservation. In the seventies, Japan was hit by the oil crisis more seriously than any other country, but we were able to overcome the crisis through technical development and a renewed awareness among the Japanese people. Today, Japan is one of the most energy-conserving countries. For example, fuel-efficient automobiles are selling across the world because they are economical and, at the same time, they are good for the environment. Recently, hybrid automobiles are even better for the environment, and have created new demand

for products being purchased precisely for that reason, despite of the high price. This is a good example where energy conservation and environmental technology, which are Japan's strength, have been able to address both environmental problems and business growth at the same time.

- It may be a common obligation for advanced countries to clearly identify a 'road map' to achieve Eco-Innovation by collecting concrete success cases from each country that can overcome any confrontation between growth and environmental conservation.
- Innovation is one of the main themes of the OECD Ministerial Council Meeting starting tomorrow. It is my hope that the OECD will take leadership in promoting innovation with the above understanding of the issues that need to be addressed.
- If we are to protect the precious global environment for humankind, promote socio-economic development and narrow the gap between the haves and have-nots, Innovation will be the key factor. Protection of Intellectual Property Rights will be an important device for promoting innovation and, moreover, it would be crucial that this will result in concrete cases of Investment by companies.
- Let me conclude my speech with the firm belief that these three "I" s will bring happiness for the future of humankind.
- Thank you for your kind attention.