

# Growth, Innovation and Competitiveness - Maximising the Benefits of Knowledge-Based Capital

13-14 February 2013  
OECD Conference Centre  
Paris, France



## Agenda



## **GROWTH, INNOVATION AND COMPETITIVENESS – MAXIMISING THE BENEFITS OF KNOWLEDGE-BASED CAPITAL**

### **AGENDA**

13-14 February 2013

Paris – OECD Conference Centre

#### **Background:**

Investment and growth in OECD economies is increasingly driven by knowledge-based capital (KBC). Three types of KBC can be distinguished: computerised information (software and databases); innovative property (patents, copyrights, designs, trademarks); and economic competencies (including brand equity, firm-specific human capital, networks joining people and institutions, and organisational know-how that increases enterprise efficiency). In some OECD countries, firms now invest as much or more in KBC as they do in physical capital such as machinery, equipment and buildings. This shift reflects a variety of long-term economic and institutional transformations in OECD economies.

The rise of KBC creates new challenges for policymakers, for business and for the ways in which economic activity is measured. Many policy frameworks and institutions are still best suited to a world in which physical capital drove growth. With many OECD member and partner countries experiencing sluggish growth and high unemployment, new thinking is needed to update a range of framework conditions and institutions.

#### **Conference objectives:**

The OECD is completing a two-year programme of work on KBC (<http://oe.cd/kbc>). Senior policymakers, researchers and policy analysts will examine the policy implications of growing business investment in knowledge-based capital, as well as the key policy conclusions from the OECD's work. Business leaders will explain how KBC is shaping their industries and business models. By reviewing state-of-the-art research and policy experiments, and by spotlighting gaps in the development of policy, this conference will help to inform future OECD policy recommendations and analysis.



Wednesday, 13 February 2013

8:30-9:30 Registration and Breakfast  
(Room CC9)

9:30-10:00 **Welcome and Key Findings from the OECD Project on *New Sources of Growth: Knowledge-Based Capital***  
(Room CC4)  
**Angel Gurría** – Secretary-General, OECD

10:00-11:15 **Panel Discussion: What Should Governments Do - Where Are the Low-Hanging Fruits?**  
(Room CC4)

*Many types of policy affect business investment in knowledge-based capital. These include policies in areas such as taxation, intellectual property rights, and education and training – so-called framework conditions. They also include long-standing and more targeted initiatives such as support for venture capital. The research on KBC underscores that a policy focus on R&D is too narrow, as much innovation is not R&D-based. So:*

- *Where should governments place their policy priorities now?*
- *What do governments need to measure to better understand growth and policy in a world of knowledge-based capital?*
- *As business investment in knowledge-based capital has grown, have some areas of policy been underemphasised?*
- *And in which areas might policy reforms be quickest and easiest to carry out?*

*Moderator:*

**Andrew Wyckoff** - Director, Directorate for Science, Technology and Industry, OECD

*Panelists:*

- **David Willetts** - Minister of State for Universities and Science, United Kingdom
- **J. Steven Landefeld** - Director, Bureau of Economic Analysis, United States
- **Kiyoshi Kurokawa** - Professor, National Graduate Institute for Policy Studies, Japan
- **Marita Ljung** - State Secretary, Ministry of Enterprise, Energy and Communications, Sweden

11:15-11:45 Coffee break  
(Room CC9)



11:45-13:00 (Room CC4) **Tax Policy and Innovation: What Does the Growing Importance of Knowledge-Based Capital Imply?**

*Most OECD governments give tax incentives for business investment in R&D. The OECD has developed an analytic framework for assessing effective tax rates on multinational enterprises' investments in R&D. The findings of this work have important implications in connection with government revenue, the efficiency of public spending to foster innovation, the equity of support as between small and large firms, and the ways in which innovation affects the domestic economy. A Background Note for this session, and a set of questions to be debated, are provided in the information package. The OECD research will be presented by the Secretariat.*

*Presenter and moderator:*

**Pascal Saint-Amans** - Director, Centre for Tax Policy and Administration, OECD

*Commentators:*

- **Stephen Shay** - Harvard Law School, United States
- **Fabrizia Lapecorella** - Director General, Tax Policy, Ministry of Finance, Italy
- **Michael Losch** - Director General for Economic Policy, Federal Ministry of Economic, Family and Youth, Austria

13:00-14:15 (Room CC9) Lunch break

13:40-14:15 (Room CC4) Invited speaker, **David E. Martin** - Founder and Chairman of M•CAM Inc:  
*"Bank Lending and the Crisis: Unlocking the Collateral Value of Knowledge Capital"*



14:15-15:30 **Knowledge-Based Capital and the Creation of Value by Business**  
(Room CC4) **(Old and New)**

*Business leaders from different industries will describe how knowledge-based capital – including data, software, R&D, design and branding – are affecting business models, practices and value creation today, and what they consider this implies for government.*

*Moderator:*

**Richard Johnson** - OECD Business and Industry Advisory Council (BIAC)

*Speakers:*

- **Stefan Dobrev** - Corporate R&D Portfolio Manager, Nestlé
- **Deepa Prahalad** - Business Strategist (and author of *Predictable Magic*)
- **Nick Drake** - Worldwide Managing Director, TBWA Chiat Day

15:30-16:45 **Knowledge-Based Capital and Growth: What Do We Know and What Do We**  
(Room CC4) **Need to Know?**

*The measurement of business investment in knowledge-based capital and its relationship to growth have been the focus of a growing body of research. This session takes stock of current understanding and examines where new policy-relevant data and research are most needed.*

*Moderator:*

**Giuseppe Nicoletti** - Head, Structural Policy Analysis Division, Economics Department, OECD

*Speakers:*

- **Jonathan Haskel** - Professor, Imperial College London, United Kingdom
- **Charles Hulten** - Professor, University of Maryland, United States

*Commentator:*

- **Katharine G. Abraham** - Council of Economic Advisers, United States

16:45-17:00 Coffee break  
(Room CC9)



17:00-18:15 **Panel Discussion: Does the Rise of Knowledge-Based Capital Require a New Competition Policy?**  
(Room CC4)

*New sectors and business practices heavily reliant on intangibles can pose challenges for competition authorities. The nature of certain competitive strategies, the sources of scale economies and the barriers to entry in the digital economy are often distinct from those in other sectors. This session will examine how, if at all, competition policy needs to adapt to the rise of knowledge-based capital. A Background Note for this session, and a set of questions to be debated, are provided in the information package. An introduction to the key questions will also be made by the moderator.*

*Moderator:*

**John Davies** - Head, Competition Division, OECD

*Panelists:*

- **Frédéric Jenny** - Chair, Competition Committee, OECD
- **Dave Heiner** - Vice President and Deputy General Counsel, Microsoft
- **Jacques Crémer** - Scientific Director, Toulouse School of Economics, France

18:15-20:00 Cocktail  
(Buffet du Parc)



**Thursday 14 February 2013**

9:00-10:15  
(Room CC4)

**Parallel Session A**

**Global Value Chains: Knowledge-Based Capital and the Positioning of Countries and Industries**

*Where companies operate in global value chains, and the value they extract, depends in part on their command of knowledge-based capital. OECD economies are concerned with anchoring high-wage jobs in such value chains. Many emerging economies are seeking to have their firms move into higher-value areas of such chains, and often target the accumulation of knowledge-capital to this end. Evidence suggests that firms' participation in global value chains can itself spur investment in knowledge capital. This session explores these dynamics and the scope for policy action. A Background Note for this session, and a set of questions to be debated, are provided in the information package. An introduction to the key questions will also be made by the moderator.*

*Moderator:*

**Dirk Pilat** - Deputy Director, Directorate for Science, Technology and Industry, OECD

*Panelists:*

- **Stephanie Shipp** - Senior Researcher, IDA Science & Technology Policy Institute, United States
- **Jürgen Janger** - Austrian Institute of Economic Research (WIFO)
- **Mark Dutz** - Senior Economist, the World Bank
- **Anupam Khanna** - Chief Economist, National Association of Software and Services Companies, India
- **Feng Fei** - Head, Industrial Economics Research Department, Development Research Center of the State Council, China



9:00-10:15  
(Auditorium)

**Parallel Session B**

**Reforming Corporate Reporting of Investment in Knowledge-Based Capital:  
Why Is this Important, and Can Anything More Be Done?**

*A growing consensus among practitioners and policymakers that better reflection of knowledge capital in corporate reporting is required in order to improve the functioning of capital markets and corporate governance. Much academic research has sought to establish the value of improved intangibles management and reporting for company valuations and access to finance. However, for a variety of reasons, reforms to corporate reporting of spending on knowledge capital have made only slow progress. This session examines the technical and political economy challenges involved in improving disclosure frameworks and their adoption.*

*A Background Note for this session, and a set of questions to be debated, are provided in the information package. An introduction to the key questions will also be made by the moderator.*

*Moderator:*

**Mats Isaksson** - Head, Corporate Affairs Division, OECD

*Panelists:*

- **Elizabeth Webster** - Director, Intellectual Property Research Institute of Australia
- **Thomas Günther** - Professor, Technical University of Dresden, Germany

10:15-10:30 Coffee break  
(Room CC9)



10:30-12:00 (Room CC4) **Panel Discussion: Intellectual Property Rights – How Should They Be Adapted for a World of Knowledge-Based Capital?**

*Intellectual property rights (IPR) afford legal protection for various forms of intellectual property. These rights include patents, copyrights (mostly software, databases and artistic creation), trademarks (brand or logo) and design rights. A number of OECD countries have begun comprehensive reviews of their IPR frameworks, and debates on IPR have assumed new prominence in the economics press, being heightened by recent major corporate acquisitions of intellectual property. IPR frameworks differ across countries. Nevertheless, a number of concerns recur in current policy debates. These include: fears over the possible erosion of patent quality; patent application backlogs; the creation of incentives for litigation and the role of ‘patent thickets’ in obstructing entry in some markets; the growing problem of so-called ‘patent trolls’; the extension of the patentable domain; the need to harmonize aspects of intellectual property systems internationally; the difficulty of enforcing copyright in the digital age and fears that copyright law might hinder the emergence of new kinds of internet-based firms; uncertainty in some countries over the adequacy of design rights; and a broader concern that SMEs are relatively disadvantaged in their ability to negotiate intellectual property systems. The discussants will reflect on where the priorities lie in terms of systemic reform, addressing such questions as:*

- *Has the growing importance of information technology and other knowledge-intensive industries altered the societal costs and benefits associated with IPRs?*
- *If IPRs are to best serve the Knowledge-Based economy, which aspects of IPR systems are most in need of reform?*
- *Which examples of recent reforms offer useful lessons to learn from? And which reform proposals appear most valuable?*
- *What should the OECD focus on in any future work on IPRs?*

*Moderator:*

**Dominique Guellec** - Head, Country Studies Outlook Division, OECD

*Panelists:*

- **Yasuhisa Nakao** - Deputy Director-General for Policy Coordination, Japan Patent Office
- **Tony Clayton** - Chief Economist, Intellectual Property Office, United Kingdom
- **Andrew Updegrave** - Gesmer-Updegrave LLP
- **Nikolaus Thumm** - Chief Economist, European Patent Office
- **Ruud Peters** - Executive Vice President, Chief IP Officer, Royal Philips Electronics



12:00-13:15 **Panel Discussion: ‘Big Data’: an Emerging Frontier for Innovation and Policy?**  
(Room CC4)

*The economic and societal impacts of personal and public data are growing. Personal data are being heavily processed, analysed, re-deployed, shared and transferred around the clock and across the globe. Personal data are being successfully employed in several industries, transforming business models and creating economic value at an increasing pace. Public data are also beginning to be used in innovative ways, with major opportunities existing for efficiency gains and the delivery of new public services. However, the emergence of data as a distinct economic asset raises a range of complex policy challenges, particularly in the areas of privacy and data security, but also in connection with skills and infrastructure.*

*A Background Note for this session, and a set of questions to be debated, are provided in the information package. An introduction to the key questions will also be made by the moderator.*

*Moderator:*

**Kenneth Cukier** - The Economist

*Panelists:*

- **Matteo Pacca** - Associate Director, McKinsey & Company
- **Michael Mandel** - Chief Economic Strategist, Progressive Policy Institute, United States
- **Jakob Haesler** - Chief Executive Officer, tinyclues

13:15-14:15 Lunch break  
(Room CC9)



14:15-15:30 **Panel Discussion: Where Next for Policy-Relevant Analysis?**  
(Room CC4)

*Moderator:*

**Andrew Wyckoff** - Director, Directorate for Science, Technology and Industry, OECD

*Panelists:*

- **Carol Corrado** - Senior Advisor and Research Director, The Conference Board, United States
- **Jørgen Abild Andersen** - Chair, Committee on Information, Communications and Computer Policy, OECD
- **Grace Perez-Navarro** – Deputy Director, Centre for Tax Policy and Administration, OECD
- **Richard Snabel** - Chair, Committee on Industry, Innovation and Entrepreneurship, OECD
- **Katharine G. Abraham** - Council of Economic Advisers, United States

15:30-15:40 **Closing Remarks**  
(Room CC4) **Richard Boucher** – Deputy Secretary-General, OECD