





The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.



# Foreword

The creativity and inventiveness of our people is our country's greatest asset and has always underpinned the UK's economic success. But in an increasingly global world, our ability to invent, design and manufacture the goods and services that people want is more vital to our future prosperity than ever.

Innovation, the exploitation of new ideas, is absolutely essential to safeguard and deliver high-quality jobs, successful businesses, better products and services for our consumers, and new, more environmentally friendly processes. There are many British companies who have risen to this challenge and reaped the rewards for their vision. Those British-based manufacturing industries that have invested heavily in Research and Development (R&D) have, in recent years, competed successfully in the global economy and have grown faster than the economy as a whole.

But this is, by no means, the whole picture. We do have world-beating companies but also have too few of them. Too many of our firms have failed to put enough emphasis on R&D and developing skills.

We have been working hard to put this right. Over the last six years, the Government has put the right foundations

in place through a huge investment in our nation's science base, the platform of macro-economic stability and support for enterprise, skills and knowledge at the centre of our policy making.

We now need to go further. The challenge – set out in this important report – is to create the conditions where all our firms put innovation at the centre of their strategies for the future. Government can't do this alone. We need to work with industry, trade unions, employees and consumers. But Government does have a key role. So I have asked the Secretary of State for Trade and Industry to chair a Ministerial team to lead the innovation agenda across the whole of Government and drive forward the implementation of this report.

We want the UK to be a key knowledge hub in the global economy, with a reputation not only for world-class scientific and technological discovery but also for turning that knowledge into new and profitable products and services. This report sets out the next steps we are taking to turn that vision into a reality.

**Rt. Hon. Tony Blair, Prime Minister**





# Introduction

A year ago I was asked by the Secretary of State for Trade and Industry, Patricia Hewitt, to review the Government's policies which impact on innovation. She saw the need to raise our level of productivity and position ourselves to compete effectively against the low-wage, newly-emerging economies and this means that a step change is required in our rate of innovation. This report of our work has been produced in close partnership with industry, the Trade Unions and our university and research institutes, who are in the best position to know how we can compete in global markets.

If we are to be able to compete successfully against the most dynamic industrial economies in the world, it is not enough to open up our markets to competition, though this is an essential first step. It is also necessary for the Government to provide the significant range of public goods which are necessary for a knowledge-driven economy to create competitive advantage, such as a strong science and technology base, incentives for knowledge transfer and business Research and Development (R&D), and high standards of education at all levels. Only in this way can we provide opportunities for all those who want to innovate and create new businesses, whatever their jobs and in whatever region of the country they work.

We have already put in place many of the foundation stones of a successful knowledge economy, and the case studies in the report show what can be done by innovative and dynamic companies, large and small. But in the fast-moving world in which we live, we need to constantly benchmark ourselves against the best, learn from other countries, and increase the effectiveness of our policies.

As Patricia Hewitt has made clear, our vision is that we should be a key hub in the global knowledge economy. This means that the UK should be a country famed not only for its outstanding record of discovery but also for innovation, a country that invests heavily in business R&D and education and skills, and exports high-tech goods and services to the world. We also want to be a country with strong science and technological links with the best research around the world, so that we can stay always at the leading edge. Finally, we should be a country to which talented entrepreneurs and world-class companies come from around the world to do research and set up high-tech companies, attracted by the quality of our research, by the strong links between universities, research institutes and industry, by geographic clusters of high-tech companies, by their ability to raise finance, particularly venture capital, and by our quality of life.

A handwritten signature in black ink, appearing to read 'Sainsbury' with a stylized flourish at the end.

Lord Sainsbury, Minister for Science and Innovation

## 1. Competing in the Global Economy

Dramatic moments in the history of industrial change have always been characterised by the successful exploitation of new ideas and the achievements of innovators.

Innovation has driven economic progress, from the invention of the spinning jenny that transformed the textile industry during the 18th century, to the harnessing of electricity and the development of mass production. More recently, semi-conductors, the internet and mobile technology have revolutionised business performance and the economic potential of nations.

Today, there are three reasons why innovation is even more urgent for companies and countries:

- trade liberalisation and a rapid fall in communication and transport costs mean that the UK must increasingly compete against countries with much lower labour costs and well-educated labour forces. Wages in China are less than 5% of those in the UK. Labour costs in Korea are just over half UK levels, and the proportion of graduates in the working age population is almost identical;
- technology and scientific understanding are changing our world faster than ever before. Developments in Information and Communications Technologies (ICT), new materials, biotechnology, new fuels and nanotechnology are unleashing new waves of innovation, and creating many opportunities for entrepreneurial businesses to gain competitive advantage; and
- global communications, the 24 hours, 7 days of the week media phenomenon of the 21st century, mean that consumer tastes are also changing faster, as new fashions, ideas and products spread across the world almost instantaneously.

These developments are occurring at a speed and on a scale never seen before. In the past, many UK-based businesses have prospered even when selling in low value markets, but today British industry faces a new challenge: how to raise its rate of innovation?

Professors Michael Porter and Christian Ketels of Harvard University have recognised this challenge, describing how “the UK currently faces a transition to a new phase of economic development.”

“We find that the competitiveness agenda facing UK leaders in Government and business reflects the challenges of moving from a location competing on relatively low costs of doing business to a location competing on unique value and innovation. This transition requires investments in different elements of the business environment, upgrading of company strategies, and the creation and strengthening of new types of institutions<sup>1</sup>.”

## 2. Why Innovation is Important

We define innovation as “the successful exploitation of new ideas”. Often it involves new technologies or technological applications. Innovation matters because it can deliver better products and services, new, cleaner and more efficient production processes and improved business models.

For consumers, innovation means higher quality and better value goods, more efficient services (both private and public) and higher standards of living.

For businesses, innovation means sustained or improved growth. The innovative company or organisation delivers higher profits for its owners and investors. For employees, innovation means new and more interesting work,

<sup>1</sup> DTI Economics Paper, “UK Competitiveness: Moving to the Next Stage”, (May 2003) <http://www.dti.gov.uk/economics>

better skills and higher wages. Equally, an absence of innovation can lead to business stagnation and a loss of jobs.

For the economy as a whole innovation is the key to higher productivity and greater prosperity for all.

Innovation will also be essential for meeting the environmental challenges of the future – including moving to a low carbon economy and reducing waste. We need to find new ways to break the link between economic growth and resource depletion and environmental degradation.

It is important to every sector of our economy, in both manufacturing and services. To hold our own in modern manufacturing we will need to innovate strongly, creating new high-tech manufacturing industries such as biotechnology and upgrading traditional sectors such as steel and textiles.

While British-based manufacturing faces threats from developing economies, advances in science and technology also offer many opportunities. In the last ten years, the chemicals (including pharmaceuticals), computers and office equipment and communication sectors have all grown faster than the economy as a whole. And even within sectors that have suffered overall decline there are sub-sectors where companies have grown and prospered by focussing on unique value and innovation. What characterises these success stories is that they tend to have relatively high inputs of research and development (R&D) and skilled labour forces, as Table 1 shows.

At the same time we need to raise the level of innovation in our service industries, if we are to meet the challenges posed by the outsourcing of low – value added administrative jobs to developing nations. Services accounted for 56% of GDP in 1981 and 72% in 2001<sup>2</sup>. Our productivity in services is no better than in manufacturing

**Table 1**  
**Output growth, R&D and skills inputs by manufacturing sector**

	Average annual percentage growth 1991-2001	R&D as percentage of value added (average 1991-2000)	Percentage of employees with degrees
<b>Electrical and optical</b>	5.5	6.6	18.8
- of which computers & office equipment	16.1	5.5	27.5
- communication equipment, TV, radio	6.4	12.9	20.9
<b>Chemicals &amp; man made fibres</b>	3.1	18.5	26.4
- of which pharmaceuticals	6.6	44.2	n/a
<b>Plastic and rubber products</b>	1.4	0.8	7.5
<b>Food, drink &amp; tobacco</b>	0.4	1.1	8.1
<b>Textiles</b>	-4.0	0.4	<8.5
<b>Manufacturing total/average</b>	1.0	7.0	12.9

Source: DTI manufacturing Strategy (April 2002) – <http://www.dti.gov.uk/maufacturing/strategy.pdf>

<sup>2</sup> Office for National Statistics: UK National Accounts – The Blue Book 2003 edition.

when compared with our major competitors. Technology is being used increasingly in areas such as retail banking and computer games to improve business processes and customer service, while almost a fifth of business Research and Development (R&D) expenditure today takes place in services.

### 3. The UK's Innovation Performance

The UK is one of the world's most open trading nations and our consumers can enjoy the benefits of innovation wherever it occurs. But if UK-based companies fail to innovate, jobs and profits will suffer, and our standard of living will fall compared with other countries.

We already have some sectors that lead the world in innovation: aerospace, pharmaceuticals, biotechnology, financial services and many of the creative industries; and there are some firms in almost all sectors that are global leaders. However, overall, our performance is not good enough. Although there is no single indicator of innovation, two measures of technological innovation – business R&D and patenting – show the UK's performance is only average compared with our international competitors.

The latest international comparisons of data on business R&D (Table 2) show the UK well behind the US and roughly equal to the EU average. However, it is encouraging that after a steady period of decline from 1.5% of GDP in 1981 to 1.16% in 1997, we have seen a move in the right direction to 1.24% in 2002<sup>3</sup>.

Measures of patents filed in Europe, Japan and the US provide an indicator of those patents judged most valuable by their creators. On this indicator, adjusting for size of the economy, UK patenting lies well behind that of Japan and the US, and slightly behind the EU average. As the latest figures we have are for 1998, it is not possible to see what the trend has been since then.

### 4. The Role of Government

Innovation ultimately depends on the knowledge, skills and creativity of people at work, but Government has an important role to play in creating the best possible conditions for innovation, and developing the significant range of public goods that are essential for a dynamic and innovative knowledge economy, including a strong science, engineering and technology base, incentives for knowledge transfer, and high educational standards.

**Table 2**  
Expenditure on business R&D as a percentage of GDP, 1992-2001

	1992	1997	1998	1999	2000	2001	2002
Finland*	1.21	1.79	1.94	2.20	2.41	2.42	
Germany	1.66	1.54	1.57	1.70	1.75	1.76	1.75
France*	1.49	1.39	1.35	1.38	1.37	1.37	
UK	1.39	1.16	1.17	1.23	1.19	1.23	1.24
EU average*	1.18	1.13	1.14	1.19	1.22	1.24	
USA	1.90	1.91	1.94	1.98	2.04	2.10	2.06
OECD*	1.49	1.48	1.49	1.53	1.56	1.62	

\*Most recently available figures are for 2002.  
Source: OECD/ONS

3 OECD, Main Science and Technology Indicators (May 2003).

The innovation challenge has been a clear theme of policy-making since 1997. In that time we have published three White Papers: "Our Competitive Future – Building a Knowledge Drive Economy" (1998); "Excellence and Opportunity – A Science and Innovation Policy for the 21st Century" (2000); and "Opportunity for All in a World of Change – Enterprise, Skills and Innovation" (2001).

These new policies are already beginning to produce results. For example, since 1997 we have seen a significant cultural change in the relationship between the university sector and industry. In 2000/2001 there were 248 spin-off companies from British Universities compared with 203 in the previous year and 70 a year, on average, in the 5 years before that<sup>4</sup>. The number of Intellectual Property (IP) licences granted to UK-based companies, based on Higher Education Institutes' IP, increased by 38% from 382 in 1999/2000 to 527 in 2000/2001, while total new (initial) patents filed rose by 26% from 725 to 913 over the same period.

UK companies will have to compete more in the future on unique, high value-added and innovative products and services. This will require inspirational leadership, stronger management and leadership skills, a highly skilled workforce, a flexible labour market that promotes diversity and fair treatment, and high performance workplaces.

The Government's Skills Strategy, "21st Century Skills: Realising Our Potential" (published in July 2003), makes clear that we have many strengths in the way in which we develop skills, learning and qualifications in this country. Thanks to our recent reforms, our young people compare well internationally in their literacy, numeracy and science skills. We are as good at developing highly skilled graduates as the best in the world.

<sup>4</sup> Higher Education Business Interaction Survey; [http://www.hefce.ac.uk/pubs/hefce/2003/03\\_11.htm](http://www.hefce.ac.uk/pubs/hefce/2003/03_11.htm)

But it remains the case that French, German and US workers produce between a quarter and a third more in every hour they work than their British counterparts.

A highly educated workforce with a culture of lifelong learning is more likely to adapt to economic change and, as our Skills Strategy makes clear, improving skills levels across the board, particularly among those with the lowest skills levels, is a focus for the Government's agenda for enhancing flexibility across the UK.

The Skills Strategy sets out the Government's agenda for acting on both the demand for, and supply of, skills as a major contributor to improving levels of innovation and productivity. It commits the Government to creating a more demand-led, responsive and flexible training system delivered through:

- the Skills Alliance, jointly chaired by the Secretaries of State for Trade and Industry and Education and Skills;
- the joint Department for Education and Skills (DfES) and DTI Leadership and Management Unit;
- the joint DfES and DTI sponsored Skills for Business Network of Sector Skills Councils leading the development of Sector Skills Agreements; and
- Regional Skills Partnerships – which will bring together activities on regional and sectoral skills priorities, training, business support and labour market activity in support of regional economic strategies.

This report builds on the policy themes of the previous White Papers: the need for the improved funding of science, incentives for knowledge transfer, the development of innovation-driven regional strategies and clusters, improving knowledge and skills, and the international battle for talent.

To improve our innovation performance, a major cross-government initiative is required. The DTI and the Office of Science

and Technology (OST) have a key role to play but wider actions across a range of Government Departments are necessary if we are to achieve the best possible conditions for innovation. If real change is to be achieved then innovation must become embedded in the thinking of all departments and agencies, and there must be greater collaboration between them.

In addition to the £2.3 billion of R&D funded by the OST, and the Higher Education Funding Councils, Government Departments including the NHS funded over £4.5 billion of R&D<sup>5</sup>. This means that there are substantial opportunities for collaboration across Government, particularly in knowledge transfer to business. The public sector, which purchased £109 billion of goods and services in 2001/02<sup>6</sup>, also has huge potential to stimulate innovation by acting as an 'intelligent customer'. As the European Commission Report 'Raising EU R&D Intensity'<sup>7</sup> said: "The boost to innovation derived from defence spending in the USA could be matched in Europe by innovation-orientated procurement in health and public security".

Furthermore, Government can help through its sponsorship of particular industries and by drafting outcome-based regulations that promote, rather than restrict, innovation.

Recognising the innovation challenge facing the UK, the Prime Minister has asked the Secretary of State for Trade and Industry to chair a Ministerial team to lead the innovation agenda across Government and drive forward the implementation of this report.

5 ONS Government R&D survey (reproduced in The Forward Look, Table 4, pp 170-171). Figures cover 2003/04 – <http://www.ost.gov.uk/research/forwardlook03>

6 Public Expenditure Statistical Analyses, HM Treasury and ONS, (May 2003).

7 <http://europa.eu.int/comm/research/era/3pct/pdf/report-mixpublicsupport.pdf>

## 5. What we will do

We want the UK to be a key knowledge hub in the global economy, with a reputation not only for outstanding scientific and technological discovery, but also to be a world leader in turning that knowledge into new and exciting products and services. In terms of business R&D and patenting we will aim to be the leading major country in Europe within ten years.

In developing our analysis and drawing up proposals, we have consulted widely with businesses, successful entrepreneurs and innovators, trade unions, academic and business experts, Devolved Administrations (DAs), and Regional Development Agencies (RDAs). We also looked closely at international experience and the lessons learned by other economies seeking to raise their rate of innovation.

We have already laid the foundations of an innovation economy in areas such as macro-economic policy, fiscal policy, competition policy, trade policy and education and skills. But there are other measures that directly bear on innovation where Government needs to do more, taking forward our programme of micro-economic reform.

This report sets out a strategy for innovation that will be backed by the resources of the DTI, the RDAs and other relevant parts of Government. Chapter 1 sets out in more detail the economic reasons why the innovation challenge is so important, and Chapters 2 to 7 set out our policies for achieving a step change in the UK's innovation performance.

In summary, we will take the following direct measures in the seven key areas where Government can most effectively act to raise the rate of innovation:

**(i) Sources of new knowledge** – ideas and inspiration come from a range of sources. The UK has a strong science, engineering and technology base. But our analysis shows that the UK record of knowledge transfer and exploitation by business has been generally weak.

Government action to encourage businesses to develop and implement new products and services has become a high priority. Given this, the UK Government needs to harness its resources more effectively in promoting technological innovation.

We need to improve both the supply side and the demand side of our research performance. Fundamental to our approach will be setting priorities, taking account of the growing international mobility of business R&D.

- **In conjunction with business, the science, engineering and technology (SET) base, Government more widely (including the DAs and RDAs) and other stakeholders, we will develop a Technology Strategy, with a medium to long term perspective, which will provide a framework for setting policy priorities and improving the effectiveness of business support. The Strategy will also be available to help guide Government-wide R&D, European programmes and RDAs support for science and technology and to inform the future development of technical regulations, measurement and product standards, and identify opportunities for innovative public procurement (Chapter 3).**
- **We will work closely with business to ‘pull through’ and exploit technologies from the UK and the international research base by providing some of the funding, and sharing some of the risk, in taking new technologies to the market (Chapter 3).**

In recent years the Research Councils have increased significantly the rate of knowledge transfer from their research activities. But we believe that there are more opportunities for much greater collaboration between the Research Councils and business in strategic areas of research.

- **The Director General of Research Councils will agree with each of the Research Councils, plans and goals for increasing the rate of knowledge transfer and the level of interaction with business through activities such as collaborative research, start-up companies and the Small Business Research Initiative (SBRI). Where these are not already in place, Research Councils will establish measures of collaboration, so that progress can be monitored. Furthermore, the level of interaction with business by each Research Council will be subject to peer review within Research Councils UK and to external challenge by a group including business representatives (Chapter 3).**
- **We will ensure that the objectives of our National Measurement System (NMS) are developed to include a greater focus on innovation. The NMS will be tasked with increasingly focusing research programmes on emerging technology areas, working in line with the Technology Strategy, initiating 15-25 co-funded research projects each year in collaboration with industry and facilitating up to 250 product development projects per year. We will facilitate 20 exchange secondments between National Measurement Institutes and industry to promote additional knowledge transfer (Chapter 4).**
- **We will set up a visionary, new programme of Measurement for Emerging Technologies. This will address work on nanotechnology and the biosciences and will be closely integrated into the Technology Strategy.**

Businesses need to be able to make well-informed decisions on how to manage their IP.

- **The Patent Office will develop a major awareness-raising programme which will target SMEs to ensure they can use the IP system effectively. This will build on the success of current initiatives such as HM Customs and Excise-led “Business Advice Open Days”, and will involve the provision of training to business advisors in IP and launching a national project providing free IP advice in the second half of 2004. It will also target ‘innovators of the future’ such as business studies, design and technology students and entrepreneurs to raise awareness of IP (Chapter 4).**
- **The Patent Office will, in conjunction with rights holders and enforcement bodies, develop a new national strategy for dealing with IP crime, to be launched by summer 2004. In particular, this will involve improving the evidence base, removing administrative overlap, and setting out agreed priorities (Chapter 4).**

The Lambert Review of UK University-Business Collaboration<sup>8</sup> has also identified many specific barriers to collaboration, which still remain. Proposals in the Lambert Review for removing or reducing these are summarised in Chapter 3. The Government will be responding soon to these proposals.

**(ii) Capacity of companies to absorb new knowledge** – the ability of firms to absorb new ideas and turn them into action is critical to a high innovation performance. We need to make certain that our managers have the technological and management skills to innovate, and that, as a country, we put more resources into technician and intermediate skills where international comparisons show our record is very poor.

<sup>8</sup> [http://www.hm-treasury.gov.uk/consultations\\_and\\_legislation/lambert/consult\\_lambert\\_index.cfm](http://www.hm-treasury.gov.uk/consultations_and_legislation/lambert/consult_lambert_index.cfm)

- **The SBS will make promoting innovation and knowledge transfer one of the key delivery themes for Business Link. Business Link will tailor assistance to a company’s specific needs depending on its level of innovation capability and the stage it has reached in the product/service life cycle. Advisory services will include: Intellectual Property Rights advice; assistance with R&D grants and Knowledge Transfer Partnerships; brokering collaboration between companies and Higher Education Institutions; and alerting SMEs to public procurement opportunities (Chapter 2).**
  - **The DTI and Design Council will deliver three campaigns to show how innovation can be enhanced through the improved use of design in manufacturing, emerging technology and services businesses. Initially this will involve up to 10 industry sectors over the next two years; the learning will be shared with up to 5000 companies (Chapter 2).**
  - **The DTI and Design Council will also work in partnership with UK universities to establish design learning for science, engineering and business management students and develop design demonstration activity within Technology Transfer Offices (TTOs) (Chapter 2).**
- (iii) Access to finance** – the UK has relatively sophisticated and large financial markets, and an excellent venture capital industry, but there are some gaps.
- **The new DTI product supporting investment in the Assisted Areas will have as its main objective the creation of sustainable, high-value investment and jobs rather than simply maximising the number of jobs (Chapter 6).**
  - **In order to improve access to finance for women entrepreneurs, the Government will ask the BBA (British Bankers’ Association), BVCA (British Venture Capital Association), and the NBAN (National Business Angel Network) to**

**work together to identify what measures should be taken to improve access to mainstream finance (Chapter 2).**

**(iv) Competition and Entrepreneurship** – provides a stimulus to innovation and helps determine the intensity of competition and the ability of firms to spot opportunities and manage risks.

■ **To build on the success of the Science Enterprise Centres we will work with Business Schools and Management Institutes to develop curriculum material and case studies to aid the teaching of the skills underpinning the management of high tech, fast growth businesses, as well as new product development (Chapter 2).**

**(v) Customers** – demanding customers create the markets for new and innovative products and services. The public sector purchased £109 billion of goods and services in 2001/02 and can play a major part in creating a demand for Innovation.

■ **In order to build on existing initiatives the Office of Government Commerce (OGC) will produce best practice guidance for policy, project and procurement staff on capturing creativity from suppliers by March 2004 (Chapter 5).**

■ **To support the Government's efforts to improve its performance as an intelligent customer, the DTI will work across Government to look at the opportunities for, and barriers to, innovation in key public sector markets. We will pilot this approach by working with NHS Estates to look at how we can draw innovation through the supply chain and with the Department of Health (DoH) to address barriers to greater uptake of telecare and telemedicine technologies. DTI will also ask its industry-led Innovation and Growth Teams (IGT) to identify where public procurement could better facilitate innovation and how this could be achieved (Chapter 5).**

**(v) Regulatory environment** – competition policy and regulatory policy, can affect the level of innovation. There is an important opportunity to increase innovation through more use of outcome-based regulations, which do not specify the technology to be used, and therefore incentivise companies to innovate. To encourage Government Departments we will focus on specific examples to test how this approach can be applied in practice.

■ **A cross-Government project team led by DTI including Department for Environment, Food and Rural Affairs (Defra), Department for Transport (DfT), Cabinet Office and the Environment Agency (EA), will look at three areas of environmental policy and will focus on how the regulations are designed or whether there are alternatives to regulation. The project team will work in consultation with business and other stakeholders (Chapter 5).**

**(vi) Networks and collaboration** – firms need to collaborate with many different organisations and to draw ideas from many different places, and there is evidence to suggest that this is an area where we have an opportunity to improve.

■ **The DTI, RDAs and DAs will work in closer partnership to ensure that national policy and priorities take full account of regional priorities, and that they also shape more effectively what is delivered by and through the RDAs at the regional level (Chapter 6).**

■ **We will agree with the RDAs a set of regional innovation indicators and assist them to set up Regional Science and Industry Councils or similar bodies (Chapter 6).**

■ **Clusters play a key role in driving economic growth and innovation in localities, cities and regions. To further assist the RDAs' work with clusters, we are publishing alongside this report the conclusions of the work by Ecotec on success factors in cluster development**

and the Ecotec Practitioners Guide to Cluster Development (Chapter 6).

We will –

- **work with the TUC to explore ways in which unions can respond to the challenge of helping companies to innovate;**
- **building on the work already undertaken by the TUC and CBI on productivity, build on the work to establish an Innovation Taskforce, with joint union-business leadership, to undertake additional work to identify how the innovation agenda can be spread through Britain's workplaces (Chapter 2); and**
- **improve international science and technological collaboration by increasing the number of International Technology Promoters by a third and doubling the number of outward industrial secondments. We will also seek to increase the participation of UK businesses in European programmes, such as Eureka, starting with a new service to help access to the EU's sixth Framework programme (Chapter 7).**

We live in a fiercely competitive global economy. If we are to enhance our productivity and raise our standards of living we need to improve radically our innovation performance. And we will need to innovate continuously in the future so that we can hold our own against fast-moving new economies.

Since coming to power, the Government has consistently sought to create the conditions necessary for the UK to become a high value-added, high-tech economy and we are beginning to see the first signs of success. This report sets out the further steps we are taking to create the best conditions for innovation in industry so that we can all move forward together to meet the innovation challenge.





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