



REPORT ON THE FUTURE  
OF EUROPE SUMMIT  
ANDORRA

**Making Europe a Global  
Leader in Innovation**

Inaugural meeting 30 November - 1 December 2006

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## Foreword



Albert Pintat  
Prime Minister

A meeting that brings together experts from numerous countries and backgrounds, to debate and exchange opinions, perspectives, and ideas is the guarantee to reach an agreement on solutions to the issues at hand, providing new channels for progress and communication.

The Future of Europe Summit held in Andorra from November 30 to December 1 of 2006, with the topic 'Making Europe a world leader in innovation', reached conclusions which are at the same time pertinent and rewarding.

"Creating a new mindset for Europe" gathers the proposals and recommendations for improving corporate efficiency and spurring economic growth, while simultaneously tackling their main obstacles and how to alleviate them.

Andorra, adhering to the economic principals and policies of the most advanced countries, has set courageous objectives for modernisation, diversification, and economic openness. This is particularly true of high-value service and new technology

companies, which play an avant-garde role.

Within this framework, I hope that this Summit, which conclusions are contained in this document, will represent only one further step towards making Andorra a meeting point for opinion leaders, politicians, academics, scientists and the media with regard to issues of an economic and international scope.

The Future of Europe Summit, promoted by the Andorran Government, with the support of sponsors, must guarantee the continuity of the discussion, the debating of new and innovative ideas and the generation of new approaches.

In order to ensure vitality and energy to our ongoing discussions and debates that are commensurate with our ambitions for growth and progress, we will continue to hold new Summits, the next edition being planned for November 29 and 30, 2007.

Albert Pintat  
Prime Minister



## Creating a new mindset for Europe

The inaugural meeting of The Future of Europe Summit, held in Andorra on 29 November-1 December, 2006, launched an ongoing series of annual conferences with top business, political, scientific, academic and media leaders exploring the global challenges facing Europe, both now and in the future. Andorra in particular, while not a member of the European Union, sees itself as strategically-placed for dealing frankly but also sensitively with the real issues at hand. Nestled between France and Spain, it can serve as a unique arbiter for dialogue and debate by bringing various key players together, and by serving as a crucial crossroads between Europe and the rest of the world.

As the host for this first Summit, Europe's highest capital gathered over 200 participants from 22 countries and highlighted the critical and urgent need for examining how best to turn around EU's sluggish economic growth by encouraging more aggressive, innovative and entrepreneurial ways for dealing with high unemployment, under-performing educational systems, the problems of aging and the need to introduce more flexible fiscal incentives by EU member states. The Future of Europe Summit was specifically designed to serve as a platform for imagining

how to re-engineer Europe's dynamism and re-defining its role in the global economy.

In many ways, both panelists and participants responded to this challenge by critically exploring specific issues in a manner that would help bring about real change. The strong presence of young entrepreneurs and business innovators also introduced an energetic sense of confidence and new ideas. They emerged with practical and imaginative recommendations, some of them urgent, for stimulating necessary reforms. Among those proposed, such as fiscal incentives for start-up companies which create the bulk of new jobs, need to be implemented sooner rather than later, they urged. Only in this way can Europe stay on top as a world economic leader.

One of the key issues was how Europe should contend with the rising economic power houses of India and China. There was an acute awareness among all participants of how these two countries are changing the rules of the game and placing additional pressures on European businesses. Key note speaker, Mark Minevich, stressed the need to recognize that Europe must now think globally if it is to remain a serious player on the global economic scene. No coun-



try is an island that can afford to stay outside of this arena. The concept of globalization, he said, connects six billion people; whoever remains on the outside will founder. North America and Europe, he noted, should respond far more effectively to these new realities.

Both Minevich and others emphasized the need for Europe to move as quickly as possible toward developing itself as a knowledge economy, but this can only be done by becoming more competitive and by attracting the best people. Clyde V. Prestowitz, President, Economic Strategy Institute, USA, saw China and India both as a challenge but also an opportunity, but much depends on how Europe approaches these two nations. Other participants called for more positive collaboration rather than confrontation with 'Chindia' if Europe is to affirm its position.

In virtually every session that followed, participants acutely emphasized China and India's emergence in changing the rules of the game and the need for European companies to respond more effectively. Linda H. Yueh, Fellow of Economics at Oxford University, noted that China remained tied to the global economy but that Europe "needs to do much more to encourage a more competitive business environment." It must also recognize that companies are the ones to trade, not governments, so there has to be much more flexibility enabling businesses to innovate and to support workers in transition.

A further major issue voiced by various panelists and participants was the need for Europeans to become greater risk takers and to learn how to "fail forward" - learning from one's mistakes - if they are to become more entrepreneurial. Much of this, however, is the result of a deeply embedded mind-set which can only change if introduced early on in life at school and at home. There has to be a far greater change in both attitude and culture toward risk-taking. Only in this manner can Europeans become far more imaginative and innovative in their approaches. They need to learn that there is no shame in failing. The notion of "if we fail, we die," said Christoph Loch from INSEAD, severely hinders innovative practices.

Europeans must establish a far more conducive and collaborative business environment for the creation of new companies, and for the renewal of existing ones, as a way of overcoming high unemployment and remaining on the cutting edge. There is a general failure among governments to recognize the role of the small and medium-sized company. This means removing burdensome administrative obstacles, offering fiscal incentives, particularly during the early

stages, for the creation of new enterprises, and encouraging re-investment for innovative purposes. And within the EU itself, it should be made easier to buy or sell companies.

For their part, venture capitalists and investors need to become far more adventurous in their support of new ideas by imagining what customers may want next, and then assuming the risk.

Overall, participants stressed the need for far more courageous leadership from all walks of life, whether politics, business, civil society or the arts. As noted by Fields Wicker-Miurin of LeadersQuest, this means "being the change" oneself if one is to change the world. Leaders need to remove obstacles that will enable the new generation to assume its responsibilities. "We have to be far more multi-sectoral and multi-generational in the choices we make", she said. Other participants stressed the need to help the politicians make the right decisions. Political leaders, said keynote speaker David Aaronovitch, a British journalist, are sometimes ahead of the curve but are reluctant to take the necessary steps for fear of voter retribution.

In the same vein, Europe urgently needs to develop more imaginative initiatives for research and development, including more ambitious partnerships between the private and public sectors. Karl-Heinz Brandenburg, who developed the MP3 format, also feels that there is a problem with attitude. "People can come up with good ideas, but there is always someone ready to put them down rather than emphasize the attributes or potential of a new idea."

Up till now, Europe has failed to develop a Silicon Valley-type R & D cluster. While this may not always prove possible, Europeans need to maximize what they do best by stimulating a more entrepreneurial spirit through a combination of education and research. European governments and companies, for example, should invest far more heavily in more focused - and appropriate - research. In turn, this will create synergies that will encourage PhD students to remain involved.

There should also be a "lowering of the barriers" to encourage greater collaboration between universities and companies as this would enable researchers to move back and forth. Like their US counterparts, European universities should specialize more in their post-graduate offerings rather than spread themselves too thinly.

The promotion, too, of new technology is not enough, one panelist noted. It has to prove worth-



while. One recommendation is that governments focus more on basic research, while companies handle applied research. Some, such as Jan van den Biesen of Phillips Research in the Netherlands, urged far greater R & D collaboration among companies as it is far too expensive for a single enterprise to absorb the costs.

Overall, the summit produced numerous recommendations such as the need for developing effective models for greater competitiveness among EU members, opening the borders to allow in more qualified people from abroad, creating a stronger sense of community among entrepreneurs, promoting greater information sharing among Europeans, or undertaking more imaginative initiatives for taking advantage of positive overseas trends. For Emiliano Duch, President, The Cluster Competitiveness Group S.A. Spain, one of the keys is to understand how best to apply new technology as a means of making business more globally competitive.

As Andorran Foreign Minister H.E. Juli Minoves Triquell maintained, many speakers and participants agreed that Europe is in far better shape than its reputation, but that new directions for drastically improving the current situation have been pinpointed. However, one needs to move beyond just talking or making recommendations. The next European Summit in 2007, he suggested, can follow up on such initiatives.



## Key outcomes from the Future of Europe Summit

- **Learn to “fail forward” and take risks.** Europeans need to develop a far more flexible mind-set for taking greater risks to move ahead. This also means accepting failure more readily as a necessary milestone along the road of experience. For this to happen, Europeans must change attitudes, both culturally and in business, a process which must begin at an early age.
- **Establish more courageous leadership from all walks of life:** Europeans must seek to rely less on governments for developing the way forward, but more on business, civil society, local communities, and media. This means far greater collaboration with regard to what is needed between the public and private sectors, whether in education, flexible business environments, or attitudes toward the outside world.
- **Promote greater collaboration for R&D between private and public sectors:** Europeans need to place far greater priorities on R&D by increasing budgets and encouraging more collaboration, particularly between governments and the private sector. This also means offering conditions that will enable key expertise to remain in Europe.
- **Re-think European education:** European education systems need to be far better adapted for coping with a changing world. If Europe is to remain ahead of the game, it will need to place greater emphasis on activities that will enable it to retain an advantage over low cost countries.
- **Stimulate greater “buy-in” to the notion of European integration.** Europeans need to feel that they are part of a vibrant, adaptable and innovative entity that can only become stronger with more effective collaboration by all concerned, notably the public and private sectors.
- **Create European growth clusters:** Europeans need to create “growth clusters” similar to those that exist in the United States and Asia in order to improve efficiency. These could have a profound impact on the development of a far more competitive and innovative economic approach within Europe through the pooling of both resources and talent.
- **Create more ambitious linkages between business and academia:** The United States have shown what can be achieved through effective collaboration and investment between the business and academic sectors. This needs to be developed urgently in Europe, which suffers from too much post-graduate R&D dispersion with too many universities seeking to cover too many bases. Specialists, too, should be able to move more freely between the private and academic sectors, both of which would benefit.
- **Develop more flexible job-creation approaches:** Europeans need to adopt more flexible national and European-wide fiscal and other policies for encouraging the creation of new companies and the expanding of existing ones. This also needs to recognize the importance of small and medium-sized companies as key job creation enterprises. Such policies should include tax holidays, particularly during the initial startup stages, less burdensome social charges for new employees or tax-free budgets for further research or expansion.
- **Continue to develop venture capital capabilities:** Europe still needs to do far more for encouraging a more adventurous venture capital approach toward the creation of new enterprises. This will not only stimulate new ideas with the prospect of finding the necessary investment within Europe itself, but also help change current mindsets, which are often conservative or unwilling to take risks.

• **Promote more “open border” approaches enhancing labour flexibility and mobility:** Europe needs to encourage more flexible and greater labour movement within European countries themselves, but also creating a “reverse brain drain” with more open border approaches for bringing in qualified and talented individuals from elsewhere, including North America and Asia. One key reform would be the creation of truly portable pension systems. Another would be the revision of current immigration policies aimed at attracting outside talent as a means of stimulating economic improvement.

• **Develop a broader understanding of the emerging role of India and China:** Europeans urgently need to grasp the implications of India and China as the big new players on the block. Both are now completely altering the global business, economic and cultural balance of power. For Europe to stay ahead of the game - as well as survive - Europeans must re-think their position in order to determine where and how they fit into the new global map.

• **Develop the benefits of a more diverse Europe:** An expanding Europe is bringing a whole new set of players keen and challenges. While some may regard the process as negative, Europe’s new diversity

brings with it numerous advantages. This includes opening up to the East through the former Soviet bloc countries but also through Turkey as a bridge to the Muslim world. However, Europeans need to be far more flexible and open in their approaches for leveraging this diversity if they are to assert Europe as a global economic and political leader.

• **Create a values shift from security and predictability to benefiting more effectively from major disruptions ahead:** Europe can no longer rely on established interests and traditional approaches for coping with dramatic change. It must prove far more innovative and adaptable for dealing with - but also benefiting from - new issues such as climate change, post-conflict reconstruction, and alternative energy resources. One way of excelling is to remain ahead with new technology that will encourage more viable sustainability.

• **Create a stronger sense of community among entrepreneurs:** European companies and entrepreneurs need to collaborate more readily for resolving shared problems and developing new ways forward, particularly with regard to outside markets.





## Re-engineering Europe's economic dynamism

The inaugural meeting of The Future of Europe Summit, was opened by H.E. Albert Pintat, Prime Minister of Andorra. The Andorran Prime Minister outlined the importance of holding such a gathering in his mountainous country nestled between France and Spain, and which relies primarily on banking, commerce and tourism for its existence. In particular, the Prime Minister emphasized the need for all players - governments, entrepreneurs, the media and others - to explore how to stimulate a more economically dynamic Europe of the future. He also stressed the role of Andorra, which is currently seeking to reposition itself for the knowledge economy, in helping to initiate this crucial process for change by supporting and hosting further such initiatives.

Moderator Claude Smadja, the conference organizer, highlighted the critical - and urgent - need to explore the challenges of how best to turn around Europe's current sluggish economic growth and to engineer more effective ways of dealing with high unemployment, under-performing educational systems and a debilitating lack of entrepreneurship and innovation. This first summit, he maintained, was designed as a platform for imagining how to re-engineer Europe's dynamism and re-define its role in the global economy. We need to stimulate new ideas for effective reforms that will bring about real change, he maintained.

But how does one overcome existing obstacles? What do we need to do to meet the challenge on how Europe should re-define itself? Smadja further noted that numerous studies have been undertaken to re-vamp Europe as the top "knowledge-based" economy, but the Lisbon agenda is simply not working. Almost all of its objectives to make the EU the most competitive and dynamic knowledge-driven economy by the year 2010 will not be met. So what specific steps do both governments and business need to undertake in order to promote more vigorous economic growth, innovation and entre-

preneurship, he asked. There is an urgent need for more aggressive, imaginative, and flexible thinking. "We cannot meet these challenges with resignation," he said.

To explore some of these questions, Mark Minevich, founder of Going Global Ventures and author of Six Billion Minds, welcomed the holding of the summit in Andorra, a country, he noted, which stands at the crossroads of Europe. But Europe, he argued, needs to be far more realistic when dealing with globalization, which encompasses both benefits and imbalances. This concept of globalization now connects a world of six billion people. No country is an island anymore, he said. And no longer can one assume that one's problem is not the problem of someone else. Out of sight is not out of mind. "The playing field is leveling but still remains uneven," he said. Minevich pointed out that in today's world, websites can be shared in New York, London and in Beijing, and this needs to be taken advantage of.

So how does globalization affect Europe, he asked. It is time to prepare for a future that will be dominated by India and China. Wealthy nations, however, are failing to understand the growth of these two new powerhouses. Adopting a somewhat confrontational "they and us" approach, Minevich stressed that Europe and the United States need to learn how to respond more effectively to these new realities. They need to capitalize on this before it is too late, such as devising policies for shared responsibility and to explore our values to determine what we are doing right or wrong. "We must understand that the economic paradigm in the world has changed."

Minevich maintained that while we may have "flattened" the world, values and divisions between the First and Third World are deeper than ever. Insufficient effort is being put into education. "We are not preparing young people to enter a global



Mark Minevich

age.” This, he asserted, is a wake-up call for leaders. In order for us to move closer toward a knowledge economy, global outsourcing needs to be improved by finding the best people to do the work. Countries, too, need to develop more effective models for competitiveness.

All this raises questions about the need to think more constructively about critical issues, such as the need for the global citizen to focus on global change. This means understanding that change occurs at societal levels, and that a knowledge economy has to incorporate more effective strategic insights and business models. Education, for example, needs to become far more multi-disciplinary, while innovation needs to work simultaneously with globalization.

European countries must seek to develop knowledge clusters which are crucial to innovation and global competitiveness. As Benjamin Franklin noted, knowledge is something one cannot take away from an individual. Only with more pertinent knowledge creation and technology transfers will we receive the means to develop. In this respect, Minevich urged the need to explore the concept of Global Knowledge Cities as a means of encouraging creativity in fields, such as culture and science. Already, for example, Dubai was developing itself as a media and outsourcing city.

Minevich highlighted the need for Europe to develop a more mobile workforce as a means of reducing unemployment. But in order to address the innovation gaps, both governments and the private sector must develop more positive policies, such as

the creation of global hubs and putting more imaginative resources into research and development. “We need to accelerate our capacity to innovate,” he stressed.

Minevich further noted that Europe also suffers enormously from a fear of failure, and this is severely affecting the way things are done. Another severe drawback is the European obsession with security and predictability. Europeans need to develop far more creative approaches. One needs to “fail forward” and to learn from one’s mistakes. “The challenge for Europe is to learn how to ‘fall forwards’ and not to be afraid of failures, but to learn from them. This is typical of the challenge that we are facing in Europe,” he said. But the concept of failure not being something dishonourable needs to be introduced already during the beginning stages of education. Only in this manner can one learn how to do it better next time.

“It is an evolution of the mindsets,” Minevich said. And it is this European mindset that we need to change “very fast.” Another problem is that there is no sense of community among entrepreneurs. “Entrepreneurs in Europe feel very lonely.”

In the ensuing debate, several participants stressed the need to be more positive. India and China should not be perceived as enemies, noted one, but rather partners. There is a lot that Europe can learn from these two countries with regard to innovation. Europe, too, needs to cooperate more effectively with Africa. Some stressed the need to understand other cultures better and to add our own values. It is almost like creating a new ecosystem, one partic-



ipant suggested. Another noted that while we are circulating information, there is no real sharing. Every information network is operating in an isolated manner. For example, during the 1980s, Brazil made significant advances in the development of biomass, but the results of this research has not been spread effectively. Europe is now doing the same research which was already done 20 years ago.

With the creation of global hubs, there is an urgent need to establish inventories to recognize what already exists, and where. For the moment, there are no real benchmarks. In a global world, the winners will be those who can leverage and manage diversity. However, this also means bringing cultures together so that they can operate more effectively. As one woman from Spain noted, “countries that are experienced in cultural coexistence will have more capacity to go ahead.” But the question, another participant noted, is to what extent are we willing to sacrifice the loss of culture or environment in order to achieve these goals.

Minevich concluded that Europe needs to recognize that things have changed and that we must now come up with new ideas on how to move to the next stage. There is a risk involved, he said, but we must be prepared to sacrifice. We have to imagine what the global citizen will look like in the 21st century. “The people who will succeed will be those who lead,” he said. But what we need are leaders of social responsibility if we are to embrace the world more effectively. Europe now has the opportunity to do this, but we must also seek to help governments such as France and Spain embrace this change.

Smadja closed the session by emphasizing the need to work together in order to make Europe a better place and to obtain better value. This is the big question, he noted, that Europe must now grapple with. And these are the issues that the Summit needs to explore now but also in future gatherings.



Claude Smadja  
Mark Minevich



## The corporation as an innovation powerhouse - Learning from best practices

How is Europe to bring innovation, such as the use of more effective IT approaches for running offices or new initiatives for encouraging greater risk-taking, to the heart of everything we do, asked moderator Liz Padmore, a consultant and former director of Policy and Corporate Affairs at Accenture in the UK. Businesses are the drivers of economic change and growth, but which companies are setting the pace? And how are they achieving success and expanding their businesses through innovative practices and technologies?

For Christoph Loch, Professor of Technology and Operations Management, GlaxoSmithKline and chaired Professor in Corporate Innovation, INSEAD, France, Europeans suffer from a notion of “if we fail, we die” which hinders innovative practices. It is not part of French institutional thinking. Some companies are setting the pace on the shop floor by constantly coming up with new products, which makes them competitive, or by appealing to customers with fresh new approaches, such as clothing design or presentation.

The larger European companies are just as competitive as their American counterparts. They tend to be “quite good” at innovation, said Loch. What they are not doing, however, is creating a lot of new jobs. It is the small company which is the real source of new employment. The failure to recognize the role of the small or medium-sized entrepreneur is a significant weakness in Europe. “We don’t create enough companies; they don’t grow enough and we have a problem with renewing companies.”

This is curious given that European governments are perpetually stressing the need to overcome high unemployment through the creation of new jobs and yet they are not offering the appropriate incentives. Loch added that the dynamics of innovation lie principally with the private sector and not the government. He also noted that the whole concept

of risk-taking is not very high on our concepts for bringing about change. “We need to innovate ourselves out of this feeling of existing constantly in an era of crisis,” he said. “We must pick up the challenge by constantly improving and changing to stay ahead.” Both Loch and numerous other participants throughout the conference cited the need to change radically the European mindset in order to become far more flexible, including the need to embrace risk - and the possibility of failure - more readily.

Holger Hartmann, founder and CEO, BadenSolar Germany, asked what we considered innovation to be. Innovation needs to be shaped according to customer needs. Citing his own company as an example, which is operating in a market that is growing up to 30% a month, but is also fuelled by an industry where shortages are apparent (the world’s production capacity for silicon, the key component for solar panels, is insufficient forcing prices to double), he said that employees clearly need to benefit from better training. But one often does not have much time for this. So one needs to know how to adapt as best as possible on an ongoing basis by understanding what is needed, focusing on appropriate new products and developing new solutions. This is the challenge, he said. At the end of the day, innovation in products and processes is what output is all about.

Lucy Marcus of Marcus Ventures Consulting stressed Europe’s problem of being a culture that tends to refrain from risks and make them unpredictable. Instead, Europe should seek to reduce the cost of failure (and emphasize this in education) which would encourage far more risk taking. There are signs that this is beginning to happen, she said, but people are taking risks with their own ideas, not other people’s. Marcus very much reflected the views of other entrepreneurs regarding the need to assert one’s own confidence by developing new ideas and more positive attitudes, particularly with regard to embracing change and the willingness to assume risks.

Debating the issues raised, participants noted that the future can be seen all over Europe. This is why Europeans need to react as fast as possible and develop more joint ventures as a way of increasing markets and sales. Hartmann noted that as far as his company was concerned, they had a clear vision of where they wanted to go, but also had no choice other than to develop this vision. Both Hartmann and Loch maintained that many venture capitalists or investors are not really that adventurous and are generally reluctant to support risk ideas, particularly if it is anticipating what people want next.

One participant noted that there are plenty of start-ups in Europe that do not receive capital. It is also known that too many venture capitalists put too little money into too many companies. So the question is, are the right people in charge of the venture capital funds? Also, are European business schools producing the right sort of people? Are they really capable of investing in quality, process and products, and innovation? And if not, why is this the case?

The fact of the matter, said Loch, is that if you take risks, you may get burned. So you look at the portfolios. In places like Silicon Valley, there is already an infrastructure, where people share information, so one has a better idea of the risks. So where you find expertise tends to remain focused on clusters of a specific industry. This is not something that can be

solved by appealing to the experiences of individuals. Furthermore, he said, there are some things that you simply cannot teach, notably experience. One can teach entrepreneurship and some analysis, so they have some tools. But you have to recognize the limits.

The panelists noted that one also has to know what to expect from innovation. Does one want cash? Ideas for the future? And how does one quantify investment with regard to innovation? The results may not happen straight away.

Those seeking investment need to have a story, a motivation, for their proposed enterprise, particularly if one is promoting something which does not have a defined use yet. One comment noted that venture capital is far more mature in Europe and North America than in China, where most of the funding goes to state companies. In China, the source for venture capital is usually one's own family. Another participant added that countries that have been in turmoil for the longest periods are usually the ones ready to take the biggest risks because they have nothing to lose. Another crucial factor, however, is stability, such as in Sweden or Denmark. People need to feel a sense of security to undertake risks for the future.



Christoph Loch  
Liz Padmore  
Holger Hartman

## A dialogue on leadership in Europe

The right side of leadership is critical if Europe is to emerge from slow economic growth and high unemployment or to deal more effectively with the problems and challenges brought about by an aging population, continuing political expansion, religious tensions and increased migration pressures. At this lunch-time session, Fields Wicker-Miurin, co-founder of Leaders-Quest in the UK, and moderator Edward Girardet, a Swiss-American author and journalist, explored these questions of leadership.

As stressed by Girardet in his introductory remarks, Europe's challenges are "global" rather than just European, whether migrant workers from West Africa seeking to make their way north to benefit from Europe's prosperity, growing Muslim populations in France, Germany and the UK seeking their proper identities, or coping with the pressures introduced from the east with new or potential EU member states. The leadership for dealing with these issues needs to come from all levels of society, whether governments, socially responsible companies, local councils, religious institutions and civil society.

For Wicker-Miurin, whose non-profit NGO Leaders' Quest organizes "quests" (structured trips) for high-achieving individuals to major regions of the world, seeking knowledge and understanding, it is effective leadership that remains in close touch with the critical issues at hand that will make the difference. "We can't ignore the world anymore, be it Darfur or the latest technology; we are at a critical point and we have only a little mirror to make the right choices; the world is our mirror, it reflects our values and priorities and choices."

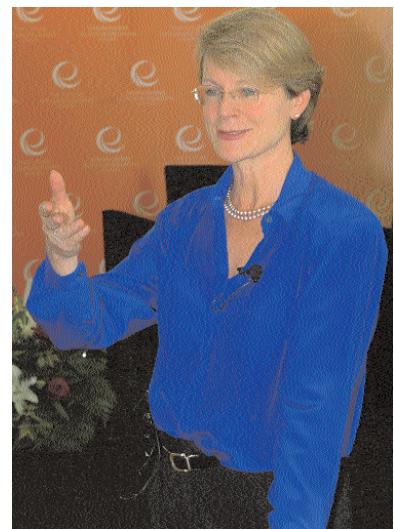
But how does one determine the right choices? "I don't trust what I read in newspapers. I don't trust futurists. I learn best by going and seeing and debating and disagreeing and sharing and testing." That is why, Wicker-Miurin explained, she helped set up

Leaders' Quest. "We learn by going and not staying where we are."

As for the characteristics of a good leader, she pointed out that courage and understanding the difference between raising a concern and influencing a change was critical. As Mahatma Gandhi maintained: You have to "be the change" if you want to see change in the world, she said. Responding to the comment that every society deserves the media it gets, she noted that it was the same for leaders. One has to remove obstacles, including removing ourselves to create a space for the next generation to come and take responsibility. One has to be multi-sectoral as well as multigenerational in the choices we make.

How does one really change things? "The world needs hundreds of millions of leaders - maybe even six billion leaders," said Wicker-Miurin. But she also stressed the importance of the business leaders at the summit to assume their own responsibilities. "We tend to blame politicians, but the truth is that we should try and make it easier for them to take the right decisions." She added that while it was important to help the younger generation assume leadership - and responsibilities - for the future, there is also a powerful role for the older generation, including those approaching retirement age, to use their expertise and experience for making the world a better place.

Fields Wicker-Miurin





## All the Bill Gates' that Europe needs

What should Europe do to create a more conducive environment for entrepreneurship and what are the main obstacles to innovation that need to be overcome? What are the new ideas and concrete recommendations for maximizing the potential of existing European entrepreneurs to stimulate a more entrepreneurial spirit for Europe? Moderated by Swiss-Italian journalist Bruno Guissani, a columnist and writer for Business Week Online, the panel consisted of Adriaan Dierx, head of competitiveness and innovation at the EU; Rebecca Harding, who runs the Global Entrepreneurship Monitor at the London School of Economics; Antoni Martínez, head of the Energy Park at b\_TEC, Barcelona, and Javier Echarri, secretary general of the European Private Equity and Venture Capital Association.

Dierx talked about innovation from a policy-making perspective, noting that innovation is both complex and systemic in nature. "Investments in knowledge and human capital are crucial drivers of innovation, but in order for it to blossom we also need functioning markets and real demand (from individuals, companies and public entities)," he said. Harding, who undertakes an annual assessment of the level of entrepreneurial activities in 40-odd countries published every January, maintained that the current findings for 2006 indicated a higher level of entrepreneurship in many European countries. "The dotcom boom, despite the shock market bust, has inspired many, and globalization has meant that entrepreneurial activity among European countries is leveling off." She added that the United States is "losing part of its gloss." In Asia, but also in Germany, a major portion of it is "necessity" entrepreneurship, not driven by

innovation and ideas, but rather by labour market conditions.

Echarri followed up on a point made in a previous session, notably that Europe is "not that bad" with both education and research possibilities considered "excellent." While we use American parameters to measure European entrepreneurial needs, innovation here happens in large corporations with the state playing a significant role, "so lots of innovation is kind of hidden." For Echarri, a principal challenge for Europe is scaling new companies and advocated radical positive discrimination in favour of very innovative new enterprises. "We are distributing the money among too many, sprinkling here and there: we should focus."

Martínez described the b\_TEC project to create a technology district in Barcelona as underscoring the role of local entities (governments) in fostering innovation. When questioned as to whether entrepreneurship can be learned, he noted that successful entrepreneurs are "wired in a different way." It is not only about education. He maintained that there is a 'U' correlation between formal qualifications and entrepreneurship: high levels of entrepreneurship among people with low qualifications and among highly qualified people. In between there is a 'soft belly'.

One participant noted that the idea of innovation being driven by competition and by consumer demand is 'dangerous'. 'What drives innovation is the quality of people's thinking, notably their ability to perceive an opportunity and go through with it.



Adriaan Dierx  
Javier Echarri  
Bruno Guissani  
Rebecca Harding  
Antoni Martínez

## R&D and innovation in Europe: What role for governments? What role for business?

The gap between EU and US research spending continues to widen: the EU now invests 40% less in “R & D” than its main competitor. While the Barcelona European Council, noted moderator Liz Padmore, urged that investment in European research and development be increased as part of the Lisbon agenda from the current 1.9% to 3% of GDP by 2010 - with at least two thirds coming from the private sector - is this in fact happening? Will this prove yet another aspect of the Lisbon agenda that fails to meet its objective?

The panelists, who included Jaime Malet, Chairman of the Board, American Chamber of Commerce, Spain; Jan van den Biesen, Vice-President & Director, Public R&D Programs, Phillips Research, the Netherlands; Ricardo Baeza-Yates, Director, R&D Center, Yahoo, Spain, and H.E. Mrs. Meritxell Mateu, Minister of Housing, Youth, Higher Education and Research, Andorra, sought to explore this issue, noting that the situation in the United States was the other way round of the current European ratio of one third private sector, two thirds public. Much of the research in Europe is not necessarily useful, while in the US much of the research spending comes from military and space programmes. Development of the Internet, for example, was initially carried out for defense purposes.

Europe has been seeking to create its own Silicon Valleys but with little success. One reason is cultural. In Europe, much of the focus is on issues that are not necessarily appropriate for research. In many cases, it is very difficult to encourage students to complete their PhDs. At the same time, this is precisely what organizations such as CERN outside Geneva seeks to promote. There is also a computer research institute in Barcelona, while in other countries such as France there are efforts that seek to create synergies which help students become more involved.

As noted by Mateu, higher education in Andorra is very much a new issue. Andorra is trying to promote research in some areas, but it is not yet very developed. One of these areas is snow research with regard to the environment in the Pyrenees. This is obviously crucial for a country which relies so heavily on tourism, notably winter sports.

Companies, it was observed, will only invest in R & D if they receive a decent return. One critical aspect is that the promotion of new technology is not enough. If one innovates, it has to prove worthwhile. In Europe, there is an attitude of until consumers can afford it, there will be no incentive for development. This is seen as a government responsibility. The private sector, too, is not interested in basic research, but rather in applied research. So perhaps, suggested one panelist, the roles of governments would be understood if they focused on basic research, leaving applied research to the private sector.

Van Biesen added that companies such as Phillips need to invest if they wish to stay ahead. At the same time, there is a desire to share this investment. The Phillips research campus at Eindhoven, for example, is open to other companies. “We are trying to create an ecosystem of companies with cross-fertilization,” he said. It makes sense, he noted further, for companies to work together with greater facility sharing as it is simply too costly to operate a single research on one's own.

Some European universities have now opened up to more private sector involvement. One way of encouraging this - of “lowering the barriers” between companies and academia is to make it easier for professionals, notably researchers, to move back and forth between the two sectors, and between European countries themselves. In many ways, these protagonists would also become the carriers of different cultures which could stimulate greater interest in “R & D”.



There also needs for greater collaboration with governments, companies and research institutes elsewhere in the world. Singapore, for example, sends PhDs to Europe to take part in training programmes. This is fully funded by the government. They realize that no one company has the resources to do this, but once they have attracted the companies, this would result in a spillover effect. This is why European supported PhDs in the United States are actually subsidizing American R & D to the tune of 50 billion dollars a year, when more of this should be carried out in Europe, but for which the facilities do not exist.

Another problem is that EU and various European governments are so anxious that funding not be mis-spent that they will spend 100,000 Euros to ensure appropriate financial reporting - often an administrative nightmare - in order to ensure that one Euro is not wasted. This does not make sense and is a waste of resources. As a result, Europe is still less interesting for companies to set up. Europeans need to be far more flexible and less burdensome in their approaches to stimulate R & D investment within the private sector, including fiscal relief.



Liz Padmore  
Jaime Malet





## Education - the key to Europe's future innovative power and competitiveness

Reforming Europe's higher education has now become a top priority. Attitudes need to change and this needs to start with the educational process. The Western world, noted moderator Claude Smadja is losing its monopoly on higher education. "There are many centres of educational excellence in Europe - not to speak of course of the US - but looking at the efforts that India and China are putting into developing their educational capabilities, with resources and single-mindedness, it makes you wonder," he asked. Why is European higher education losing ground? And what is needed for Europe to take the challenge to exponentially improve this situation? What should be the remedies and policies to ensure that Europe remains a key economic, scientific and technological player in the 21st century?

Aurore Wanlin, Research Fellow, Center for European Reform (CER), UK, presented a selection of findings from a report published by the CER analyzing the European higher education system. She noted that education has four main objectives: the pursuit of pure knowledge; research; the development of teaching skills; and ensuring that as many people as possible should be educated. But these four objectives often conflict with each other. The job of universities today has become far more complex. The demand for higher education is increasing and far more is being asked in terms of research. We are asking universities both to teach and to adapt to the requirement of lifelong learning, she said.

European universities, however, are not responding well enough, Wanlin maintained. Of the 50 top universities, 36 are American and only 9 are European. There are some 2,000 universities in Europe, but many are underfunded. They are also trying to do too much with their resources spread too thin. The United States, which has 3,300 universities, only has 250-odd institutions which provide post-graduate degrees but are far more research intensive.

European universities also have fewer links with business than in the United States, and are hampered by a great deal of mutual suspicion. Furthermore, European universities have a 40 % drop out rate, which is an exceptionally high waste of resources. Many who graduate also do not necessarily find the jobs they expect. Efforts are now being made to increase comparative recognition of degrees among European universities. (Bologna Accords).

So what needs to be done? There has to be far better management, better skills among teachers, and more money. Equally important is the need for greater specialization. There should be less effort to "try and do it all" but focus on specific areas at which they can excel.

For Francesc Sole Parellada, Director of Innovation Program, UPC, Spain, it is necessary to establish whether the university is really important or not. In Spain, one and a half million young people go to university, while one out of 500 people is a university professor. The universities themselves contribute 50% of the funding for research and there is also a question as to whether research is properly valorized. Spain is now the eighth country in the publishing of academic articles and papers, but many of these never reach society.

The European paradox is that research laboratories and universities need to change, notably reform of university government and frameworks. There is also a lack of accountability with eternal civil servants running everything, but whose status needs to be changed. Once they are in the system, they can no longer be moved. But with one and a half million students, one has to be careful. It can be dangerous. All this produces a major barrier which may be impossible to overcome. The lesson for middle GDP countries is that university knowledge is very important, but you need to go 'upstream' to



analyze the papers or to train people to become entrepreneurs.

Magda Rosenmöller, Lecturer of Production, Technology and Operations Management, IESE, Barcelona, asked how universities can help boost innovation. There is a definite role to play with regard to venture creation and entrepreneurial finance by greater collaboration with business. “We do believe that we can teach experience,” she said. “We bring in growth companies and put them together with our best students.” Universities can also offer technological support.

Fields Wicker-Miurin, co-founder and partner, Leaders Quest, UK, questioned the quality of teaching noting that people in industry complain that many graduates in creative design do have analytical training. China and India have numerically far more engineering graduates (600,000 and 250,000 respectively), which, when compared to the population are not radically disproportionate to those in the United States or Europe. However, Europe clearly has a problem with scientific disciplines, and, as a result, is suffering in quality. One comment by a Chinese student is that UK universities are fine, if you can’t get into a Chinese one, which is different than before. Wicker-Miurin accepted that no educational system is perfect but that European universities are not teaching the “breadth of inquiry that we need.” This must begin in grade school and the lycee with far greater emphasis on cross-disciplinary approaches. Risk taking, for example, needs to be encouraged from the very beginning.

The panel further explored other problems with European education. There is a greater demand for health practitioners, one participant pointed out, so there needs to be more focus on this. Another commented that much also had to do with attitudes. Passion is crucial if you wish to be a successful

entrepreneur, but many students wish to have a safe life - and be rich. “They want prosperity without sacrifice. So how can we instill passion?”

Europe is producing a major drag on the future by not supporting appropriate growth areas for the 21st century. The Chinese, for example, are placing a major emphasis on mathematics and other related disciplines. The problem in Europe is that we are teaching too many disciplines that do not provide the graduate with a job at the end of it. One participant pointed out that the former Soviet Union put the rest of the world to shame with its high quality engineers, but proved incapable to produce a single decent shoe that anyone wanted to buy. The future of Europe is not to fight it out on the same playing field, but to bring the right people together and to do business. America has done this by also attracting the right people with the right brains. This will be the future. Europe needs to open its border to intelligent people. This is absolutely essential. There is no forward planning.

While perceived by some as a problem by having an enormous impact on budgets, aging should also be considered an opportunity. Many senior citizens are moving back into education so this will be a new growth industry. The question of new technology and how to apply it is another key issue. It is also a matter of dealing with expectations and make them more realistic. This includes attracting outside talent. We have to offer top graduates better possibilities than they can receive at home. But this may also mean being prepared to be politically incorrect. Education and immigration are linked.

One participant further maintained that there needs to be greater respect for blue collar workers. “The moment we teach people to sweep streets clean with excellence and honour, there will be fewer problems,” the participant said.

## How can Europe face the China-India challenge?

The emergence of China and India is putting serious pressure on a number of competitive advantages that European corporations have enjoyed to date. Europe is no longer the centre of the world anymore, maintained moderator Nik Gowing, Main Presenter, BBC World, UK. It is very tempting to say 'Chindia', as newspapers do, but China and India have two very different models of development. There is a new assertiveness and the two giants are fast becoming across-the-board players on the global economic scene. India, he said, now has 9.2 % growth. How will European countries and corporations confront these challenges?

Clyde V. Prestowitz, President, Economic Strategy Institute, USA, asserted that China is now shaking the world. It is fourth on the list of global economies at 2.5 trillion dollars although in terms of parity is it really 7 trillion dollars. This would make it the number two economy. Pointing out that both India and China have been around for 6,000 years and were once the largest economies and leading civilizations, they now making it back into the world. Europe has only really emerged over the past 600 years. China now produces triple the amount of steel as in Japan, once a world leader.

China and India, however, are pursuing two different strategies. China is now placing a major thrust on manufacturing and exports, and is similar to what we saw with Japan and the 'Asian tigers.' It is a catch-up strategy with half of China's GDP going into investment, mainly new factories. India, on the other hand, is focusing more on service industries and high tech (although China is also increasingly stepping up its high-tech strategy). Although India's investment is half that of China's its growth rate is almost the same. This means that the efficiency of investment has doubled.

The hand of government is heavy in China with the emphasis on a combination of state-owned alliance

and foreign investment, while in India success has been based largely on its private businessmen and entrepreneurial community. China, too, is closer to government with corporate leaders more responsive to authoritarian leadership. While a CEO in Europe or the United States can use lobbyists to promote his cause, in China it is a matter of maintaining close relations with key government officials. Overall, however, both China and India can be expected to become technological powerhouses for production and services.

So what are the implications for Europe? Both India and China represent a large and competitive challenge, but also a huge market of opportunity. How should Europe adjust? The Americans are placing a great deal of pressure on the Chinese to revalue their currency, which makes exports to the US cheaper. But China sees the US as the problem because Americans do not save enough.

Linda H. Yueh, Fellow of Economics, Pembroke College and Member of the Sub-faculty of Economics, University of Oxford, said that China was still a centralized economy and communist, while India, which was inward looking for many years, only became export-oriented from 1991 onwards. The two countries represent one third of the world's population, "so you can imagine the shock when they became part of the global economy." This has built a certain pressure on wages and prices. Capital flows are also part of the pressure. But this raises questions about competitiveness. Yueh stressed that Europe must keep at least four facets in mind:

First, we are no longer dealing with international trade in the classical sense. Two-thirds of world trade is in intra-industry trade and the global supply chain. Second, both India and China could become capital exporters were they allowed to readily buy in by Europeans and Americans. Third, the cost of



goods has helped the European consumer with cheaper prices. "What has also happened over the past couple of years is that China and India are competing for resources, she said. This has pushed prices up of goods that we buy but which they also buy. So far the net effect is that the reduced price of consumer goods predominate the commodity prices increase. And finally, incremental growth. For a long time, the US has been the sole engine of global growth. Now China is contributing almost as much.

Overall, she added, globalization is good for Europe. China's prospects are much tied to the global economy, and vice versa. There are many things that countries can do to make business more competitive. Countries don't trade, companies trade. So Europe needs to create the sort of business environment that will encourage this. This should include an increase in flexibility of businesses to innovate and to support the workers caught up in transition.

For Lucy P. Marcus, CEO, Marcus Venture Consulting, Chair, the Global Task Force on Building Women Leaders, UK, 'Chindia' is a monolithic idea that represents markets and opportunities. We should not be negative but view them as places to invest our money and to cooperate with them. "China and India are a wakeup call for all of us," she said. Many Europeans are missing these opportunities. One participant agreed that Europeans need to grasp opportunities but that Europeans are debating whether work 40 hours a week, when Indians and Chinese work this "every day."

Eugenio Bregolat Obiols, Ambassador of Spain to Andorra, agreed that Europeans do not work very much when compared to China. There are too many holidays, too few working days and too few working hours. During the 19th century, China was all but in name a colony. "Now they want to become a strong country with a measured role in the world," he said. Science and technology are now heavily embedded in Chinese society. By 2050, China will become the leading country together with Europe and North America. If we do not wake up to this, particularly in countries like Spain, we will suffer. We need to focus more on education and spend more on our own R & D development. Europe is becoming complacent. We need to wake up. If we don't, we will suffer.

How fast is China changing? Very fast. They are still involved in huge amounts of technology transfers but they are also increasingly involved in their own innovation, maintained Yueh. China's comparative

advantage is dynamic and diverse, reflecting the scale of its economy, such that its wider impact will be felt across sectors for Europe. The response of Europe must be to have government policies which support productivity and innovation across its economy for businesses and workers, and to develop the size of its common market to maintain scale-which is crucial in light of the integration of such sizeable countries as China.

And what about Chinese stealing technology with no respect for rule of law? The Chinese are making an effort to curb their copying of technology, because now they also have their own innovation which they wish to protect. China is now fifth in the world in inventions. So they have a vested interest. Since joining the WTO in 2001, China has adopted agreements that harmonize IPR protection around the world. According to Obiols, China has recently spent 15 billion Euros in research and development and is moving in the right direction. But they are still very good at copying.

Prestowitz, for his part, was less optimistic and warned that he would still be very careful about whom he allowed to enter his factory. Marcus added that it is not just about technology but what one does with it. It is also a matter of entrepreneurial attitude.

Andorran Foreign Minister H.E. Juli Minoves Triquell, said that China and India presented new opportunities for his own country. An estimated 20 million Chinese are already traveling abroad as tourists and this figure is expected to rise to 100 million. Andorrans want to become part of their tourist destination. Andorra has also explored some of the challenges and opportunities. China, for example, has a



Eugenio Bregolat



Clyde V. Prestowitz  
H.E. Juli Minoves Triquell

problem with branding. One of the ways of resolving this is to buy established brands abroad so Andorra has been investing in this. But the Chinese are also investing here. Marcus stressed the concept of branding as another way of providing added value and taking advantage of opportunities.

Another factor that presents opportunity is that both India and China lack managerial skills. The Chinese like to send some of their best graduates to work overseas for experience. Some 75,000 Indian managers from abroad are being attracted back, many of whom are being paid expatriate rates.

For Prestowitz, the key for Europe now is to move quickly and with flexibility. All Asian currencies are undervalued to the Euro and the US dollar. Europe is also receiving secondary damage from the US trade deficit, so until this imbalance is addressed it will prove very difficult for Europe to maintain a competitive edge. He also raised the issues of China not being able to respond effectively to corruption, which is rampant within the communist party, or lacks the ability to respond to social pressures within the country. The question is: will China suffer a major blowout while India will outperform Europe?

Another concern is that the high level of taxation in Europe and the inefficiency of the welfare system only make it more difficult. Both have to be reformed in order to make it easier for new businesses to be established. Hard thinking needs to be undertaken in order to ensure a social list but also to maintain a competitive edge. Europe also needs to be able to respond to changing trends. And this can only be done as part of a Common Market. With its 500 million people, this makes Europe larger than the US with its 300 million. To compete one needs to have a large enough domestic market. The way China is using energy requires a lot of careful thought for the future. For the Spanish ambassador, however, Europe is moving too slowly.



## Entrepreneurship, job creation and economic growth: closing the circle

What mix of national policies and corporate practices will stimulate entrepreneurship and translate innovation into job creation? How can Europe build on policies that have proved successful and what are the lessons that can be drawn from failures asked moderator Aurore Wanlin, Research Fellow, Centre for European Reform, UK? What are Europe's growth prospects, and how will competitive stance evolve in the years ahead? How will the Euro zone fair in an increasingly competitive market?

For Roman Escolano Olivares, Director for Institutional Relations, BBVA, Spain, Europe is now confronting three major challenges. The first is the aging population and the limits of growth. Over the next ten years, he noted, the active population will decrease. Second, the EU as a whole still has a very large public expenditure of GDP. For the average EU member, this stands at roughly 40%. Over the past 15 years, however, this has decreased among most countries and only several maintaining stable expenditures. It will prove also difficult to change politically voters.

The third problem, he noted, is a governance one within the European Union itself. The single market is an excellent idea and to a point successful but the reality is that political institutions need to be consolidated. With regard to competitiveness, including policies, this is primarily done at a national level and not a single market one. The concept of privatization within Europe is still not properly defined. "We need to be far clearer on these issues," he said.

At the same time, he added, the shock value works. EU enlargement is proving very positive with people asking the right questions. The private sector, for example, is thinking more along EU lines rather than in terms of national governments.

Mark Spelman, Managing Partner Growth and Strategy, Accenture, USA, highlighted positive trends

within the EU for creating new jobs. The aging population plus fewer working hours within the work force are presenting opportunities for developing current or new industries, such as travel, tourism and entertainment. The banking sector is also providing a broadening of job creation. In addition, the aging population is creating jobs in the health, mobility and geriatric sectors.

Overseas markets are also presenting opportunities for new jobs. European consumer goods and industrialized products are being sold in China and India. Energy efficiency is another factor with both India and China seeking certain clean energy technologies from the West.

It was noted that more pointed fiscal and other incentives should be introduced to encourage smaller enterprises to expand. If each of the estimated 10 million small companies created one new job within Europe, there would be 10 million new jobs. Europeans need to focus more on positive trends and experiences. Knowledge workers are a key to entrepreneurship and European-wide policies should seek to bring about change by targeting specific groups. But European policies need to be far more flexible and adaptive. Europeans need to be far clearer on what they expect from people with skills and what we do with money. There need to be smaller programmes rather than one big 'catch all' approach. Venture capital needs to be far more creative but the administrative systems also need to be less complicated. In Italy and Germany, it takes on average nine months to create a new company.

The debate also focused on other opportunities that European companies should seek to focus on, such as global warming, alternative energies, services for aging people, and global education. One representative from Yahoo maintained that in order to do this, one needs more support from companies, including more effective e-distribution and outreach,

but also more flexible government policies. There also needs to be far more collaborative approaches and information sharing within European countries. The internet, for example, is changing the world of education. One can be both producer and consumer at the same time. Yahoo! is where you listen to music, but also make music for your friends. One participant noted that governments and cities, for example, should consider making wireless connections free and available to all, wherever one is. This would have a dramatic impact.

Focusing on the issue of a single European market, Andorra said it welcomed this as it enables one to

elaborate policies more freely and which are more flexible. Other participants stressed the need for private sector leadership to help develop this single market. It is not so much a question of new legislation but rather enforcement, better quality rather than quantity and a broader effort to bridge the gaps. This is where the European Commission needs to be far more proactive. One person also stressed that language also makes a difference. Those countries which are bilingual with English are the most successful. Europeans should also seek to drain more brains from the United States which attracts a far greater number of foreign companies to set up there.





## Meet the business innovators: How can European leverage new technologies to stimulate economic growth?

Are European businesses optimizing their chances both as innovators and users of the latest technologies? The sky seems the limit in terms of economic growth ranging the integration of new technologies to internet startups. But can Europe consolidate and advance its position in some of these sectors to become a global leader? The World Wide Web was invented in Europe so how does one translate an idea into a successful start-up or business asked moderator Bruno Giussani. How can we know what has gone wrong?

Exploring the possibilities, Giussani introduced Karoli Hindriks, founder of Goodmood, Estonia, who has become a glowing example of a successful young entrepreneur who started out while still at high school with no money but a good idea. Now 23, Hindriks cited the Little Prince as an example and pointed out that one of the problems is that adults maintain that there is no point in “wasting time” on “pointless things.” This attitude only curbs initiative. Hindriks came up with the idea at the age of 18 of a fashionable pedestrian reflector, which could be ‘cool’ by day but which could actually save people’s lives at night or in the dark. This became the basis of her start-up company, which although still small, is evolving.

Looking back, she said, it takes a lot of courage to be different. As a young person, it is also crucial to be taken seriously. This needs to be integrated into the educational system. Hindriks then went on to launch MTV Estonia. She also noted that the conventional path (e.g. High school, university, business school) was not necessarily the best one. When she hired a new director to run the company while she set up MTV Estonia, she did not look for a business school graduate, but rather someone with character, passion and energy. She also noted that her experience as an exchange student in the United States enabled her to focus on her own personal strengths.

Described as the man to whom the world owes the MP3, Karlheinz Brandenburg, head of Fachgebiet Elektronische Medientechnik, Technische Universität Ilmenau & Director of the Fraunhofer-Institut für Digitale Medientechnologie (IDMT), Germany, maintained that there is a big problem of attitude in Europe, particularly in his own home country. Why is it not possible to be more open about new ideas instead of immediately trying to seek out all the gloomy drawbacks? People always seem to focus on why it will not work, rather than why it will, he said. This is the big difference with the United States where the attitude is “great idea, go for it”. A lot of new businesses have been established creating new jobs, but we can do much better.

If the MP3 were introduced today would we find ourselves in a better climate for new initiatives, he asked. It would be both better, and worse. Previously, there was far more income spent on research. This is happening less today. At the same time, we have a much greater emphasis on private entrepreneurship. “Yet we are still way below what we should be even though we do have a lot of niches where Europe is on top,” he said.

Giussani asked Kelly Richdale, Founder and Sr. VP Global Sales, & Managing Director of EMEA, A4Vision, Switzerland, what she thought of the capacity of the present European business environment for establishing new businesses or producing new products. One of the key drawbacks in Europe is that attitude of “I have no time to make mistakes.” This really is a major problem for Europe. In America, failure is a factor in one’s portfolios. In fact, many venture capitalists or other businesses will not take you seriously unless you have failed at least once or twice. The experience is what counts. Richdale noted that she set up a company doing 3D face recognition for security purposes, which would replace locks, but this meant not only pushing the technology but also the market. We eventually raised money in California

but not in Europe, albeit not for any lack of trying. However, our biggest market today is Europe, where having a Swiss brand is good. It suggests high precision and high security. But as a Swiss company we would not be able to sell in America, as you have got to be American.

Richdale emphasized the need to improve on the current fiscal structures within Europe, which currently severely curtail the creation of new enterprises. This is also the case in Switzerland, where “we were declared bankrupt every year because we have been re-investing.” The Americans understand this, but not the Swiss. You have Chapter 11 in the United States, where the fiscal regime is better, to stave off bankruptcy. She also stressed the need for more effective education. In Europe you have to have followed the “right track” in order to get anywhere. In America, people like Jobs or Gates never went to university or dropped out. “You need to be able to break all structures, but this is not taught in Europe,” she said. The strength of Europe, she added, is that it can span cultures.

Brandenburg argued that public spending was not necessarily bad and could contribute toward more effective enterprise building. “We should not be ashamed to put public money to good such as bridging the gap between university research and some of the products being developed.” Richdale further commented on the need for the Europeans to become more dynamic, like Americans. Skype, she noted, was a European initiative but eventually ended up in American hands. It is also problematic, for example, for a German company to be sold in Belgium. “We need to change this,” she said.

Alfons Cornella Solans, President, Infonomia, Spain, suggested that perhaps European did not seek enough money when establishing a new business. The scale of financing needs to be far more global. The most important thing to understand is that Europe is fragmented. I have seen a lot of innovators in Spain, but the economy in Europe is mainly a service-oriented one. We are failing to think in R & D innovation in terms of industry, which means that a lot of innovative initiatives are not even being considered. This is where Europe could excel by providing more sophisticated and innovative services, which China is unable to do. Solans added that new disciplines need to be created but there has to be greater effort for linking these disciplines.

In Brazil, commented one participant, people are making a living by acting as brokers between science and industry. It is a sophisticated way of thinking that

needs to be developed in Europe. Another noted that there is not enough of a risk culture in Europe. There is also zero input from schools and universities for the entrepreneurs. The idea is that you keep on doing what others have been doing for generations. The wrong people are often placed in the wrong jobs, suggested another. Many French students have now stated their life goal to be part of a traditional company or civil service with lifelong job security. There is no risk. There must also be more analysis on how the big companies are operating as they often destroy the smaller businesses.

Hindriks pointed out that the collapse of the Soviet Union provoked rapid change. One of the things that Estonia did that was right was to establish a new corporate tax law. There was a zero rate in the beginning which heavily influenced the economy. Privatization has also helped the economy. The internet has also provoked enormous change with 90% of transactions now done over the net. Today it is quite easy to set up a new company and reasonably cheap as well. Richdale added small can succeed more easily if there is better harmony with taxes as in Andorra.

Alfons focused further on fiscal reform by noting that new companies have to pay the same amount of VAT from the very first day. This makes no sense, he said. Companies have to have free budgets in order to innovate. “You have to provide tax relief for new ideas,” he said. He further stressed the need to use talent to solve problems within the EU. We need to show by examples, but it is far easier to find such examples in Ohio than Germany or Italy. Brandenburg added that the European approach is to rely too much on governments to bring about change. “It should be us,” he said. Other participants emphasized the need to remove obstacles in order to bring about change. Governments can help by focusing on innovation but then they are afraid to choose the winners. This is a problem in Europe.



Karoli Hindriks



## Venture capital and innovation: How far still to go to catch up with the US?

In 2005, European venture capital funds raised \$16.1 billion, up 40% over 2004. Although developing at a steady rate since the mid 1990s, venture capital in Europe is lagging well behind US levels, noted moderator Claude Smadja. Where does the venture capital industry stand in Europe and how could its role in supporting entrepreneurship and innovation be enhanced?

Jordi Alberich, Managing Director, Circulo de Economia, Spain, maintained that risk capital is fundamental for creating new enterprise and innovation. We have been seeking to consolidate this in Spain but it has been moving at a far slower rate than we had initially hoped for. "We still have a long way to go with regard to attitude, particularly in the media," he said. There is a feeling that the prospect of being in debt is too high and that the venture capitalists are only seeking short-term profits. This generates a wariness among traditional businessmen which is unfair. We need to be public about start-ups that have fared well. We need to consolidate venture capital in Spain.

While there are numerous venture capital companies in Europe, we have not been able to simplify the opportunities for investment. The universities are taking the right steps in the right direction, but we want everything quickly, so we must also learn patience. For my own age group, I think it will be difficult to convince them of the need for venture capital. This is a cultural and a generational thing. We need to have a change in outlook. For many, this is a new concept for business. But we need to find good examples of what has succeeded in order to make people aware of the possibilities.

Emiliano Duch, President, The Cluster Competitiveness Group S.A. Spain, said that venture capitalists tend to prefer high returns and will only look at companies with high returns if they are competitive. And this is the problem we have in Europe: competitiveness. If

companies are bad, why invest in them? So the root problem is not the availability of money, but rather the issues of competitiveness and responding to needs.

Duch cited the example of a British fishing company initially started by a husband and wife team from scratch and using the money of friends. After five years, they sold it for 80 million pounds. The company was located in one of the worst imaginable places in the UK, Humberside, and produced fresh ready and health fish meals. All the fish came from Iceland. But who would have invested in this? I doubt that any of us would have. Are we talking low tech or high tech?

To establish an industry, he noted, there are two ways to do it. One is to have it, and the other is to turn it into a service, which is what this fish company did. They provided cod meals which remained fresh for seven days. This had more to do with logistics than a traditional industry. And this is the future for tomorrow: transforming traditional industries into service industries. This can be done with cars or with clothes. The challenge is how to use new technology.

For Christopher Bunzi, Managing Partner, Everis, Spain, Europe is not one market, but several. The UK, for example, is not the same as Germany. Citing his own company, he said that the enterprise procured one million dollars worth of funding in the US, and now has a turnover of 285 million Euros and growing at an annual 20%. What were the initial problems? "We had neither the technology nor the money, we just had the idea," he said. His company also grew in Latin America which was not particularly liked by investors. Now one third of its business is in Latin America. "We acted in different way than venture capitalists would have expected us to do," he said.



Jordi Alberich

Julie Meyer, CEO, Ariadne Capital, UK, argued that there is an anti-venture capital trend in Europe. Europe has great entrepreneurs but the financial community has not kept pace. They are not very responsive. She noted the experience of one company which converts voice mail into email messages. This is a highly useful service for some, such as doctors, but the idea represented a highly disruptive vision for the venture capitalists. There is a tendency of some venture capitalists to rip out the founders and replacing them with their own choices, but this has often proved disastrous. This is changing. It is now increasingly recognized that the initial creator needs to remain involved. The creator provides the added value. There also needs to be greater effort to tap established capital or old family money. There is a need to build on consumer behaviour and create market demand. One needs to invest in businesses where one has something to offer.

Lucy P Marcus, CEO Marcus Venture Consulting; Chair, The Global Task Force on Building Women Leaders, United Kingdom, noted that her own consulting company is a boutique firm that structures and re-structures funds. "We fix broken funds," she said. Venture funds are like any other business in terms of opportunities. Venture funds have a fantastic role to play in developing economic systems. The money can make a big difference in societies all over the world. Venture capitalists normally come in with a fistful of dollars and expected to leave with a barrel full of cash. Conflict and post-conflict areas, such as the Balkans, are interesting places to invest because one can find individuals who have nothing

to lose with no money but great ideas. Many venture capitalists, however, are risk averse and are becoming more and more like banks. They do not think out of the box. The best thing a venture capitalist can do is go out into the world and search out new opportunities. This can encourage strong systems not based on development aid. A website designer in Belgrade can produce a fantastic web-system for 6,000 Euros instead of 100,000 Euros in London. "This is what makes the difference," she said. "It is not about technology but rather what you can do with the technology."

So how does one attract family money? asked Smadja. How can one make the link? For Duch, one way is to develop other companies by providing some funds. Marcus stressed that one needs to convince the venture capitalists to become more sympathetic to family businesses, to respect what they are doing, and to want to become a part of it. Often, family businesses work well together. In the Balkans people are used to doing a lot for little. There is a need to close the gap, but angels come in all shapes and sizes, added Marcus. Alberich said while now there are not many partnerships for growing, this will change over the next 10-15 years. Duch warned, however, that one should not necessarily completely copy the Americans. A lot has to do with existing legal systems. In Europe, one needs permission to do something; this goes back to the time of the Romans. One needs to ask the locals and invest locally.



Julie Meyer



## How can Europe “recharge” its dynamism?

Moderated by Nik Gowing, Main Presenter, BBC World UK, this lunch-time session enabled H.E. Juli Minoves Triquell, Minister of Foreign Affairs, Culture and Cooperation, Andorra and British author and journalist David Aaronovitch to expose some of the key issues facing Europe today.

Minoves focused more on what he thought the Summit had achieved, and where future sessions could tread. The highest capital in Europe, Andorra has become a place for debate and dialogue, he said. This is only the beginning of this Summit. We hope that it will continue every year as a platform to help European economies to develop and grow.

In terms of innovation and entrepreneurship, Minoves said, many speakers have agreed that Europe is in better shape than its reputation. Large corporations and small companies alike have high levels of innovation. However, numerous issues also have been identified: these include necessary reform of the education system and the fostering of scientific disciplines; the need for more transparent and conducive fiscal policies and more fluid capital markets; the necessity to better focus the use of research money, and the need to better understand the culture of globalization

In particular, participants have repeated over and over that Europeans must find ways to overcome the fear of failure that paralyzes many of them. Europe should not be afraid of failure. Instead, it should learn from it.

Minoves added that there was much finger-pointing at politicians and at the political system for not assuming their responsibilities toward change and innovation in Europe. Many politicians are aware of the problems, he assured, but I would like to point out a remark by Fields Wicker-Miurin: “we entrepreneurs - she said - should try to make it easier for politicians to take the right decisions”. We need your help in taking the right decisions.

He further noted that numerous very practical suggestions and recommendations also emerged from the sessions about ways to create a better, more conducive environment for entrepreneurship and innovation. Fiscal policy and capital markets seemed to be central to this discussion, he said. The same goes for education, and those are sectors where governments can actually play a role. Governments, too, should prove themselves more adept at being “lead users” of innovative technologies and processes.

Aaronovitch noted that politicians needed to be ahead of the curve, and in fact, many are. But many, too, are afraid of moving too far head, too quickly. The print media, particularly in Britain, have been in the forefront for exacerbating the situation. He noted that 90% of media stories tend to be negative because editors feel this is what people want to read. How can you talk more sensibly about crime, for example, he asked, without terrifying each other? In Britain, where cultural reform is very rapid, the dominant story always becomes important, but by playing on people’s fears. When the BBC reported the serious threat to the planet created by climate change and the kind of measures that would be needed to confront the issue, the print media focused on how this would increase the cost of flying to Majorca by 10 pounds. The politicians are aware of these dangers, and are ahead of the game in the information sense, compared to the general public but they are afraid of the political costs involved in stressing some painful adjustments that are required.

Aaronovitch commented on how millions of young people from all over the world want to come to Europe to live and work. If you don’t want them to come, he noted, the only thing you can do is encourage an economic slump! Many people prefer to conform largely to the past but Europe needs both immigration and radical change. I remain


broadly optimistic he concluded about our ability to confront the challenges that we are facing and on the ability of Europe as an entity to assume a larger global role. On the changing role of the print media, Aaronovitch saw the need for continued

responsibility, particularly given that now most Britain's major newspapers were making money off the internet. The internet was also enabling a broader expression of opinions through blogs and other elements.



David Aaronovitch  
Nik Gowing





*If you're thinking about  
innovation, then we're  
thinking about you*

## The Innovadors 06 Award Texbor and Animació Audiovisual are the winners

The first edition of the Innovadors 06 award, organised by the Bureau for Business Innovation (Oficina per a la Innovació Empresarial - OIE) of the Andorran Government, was concluded successfully: 56 candidatures opted for the tutoring service during the first stage, 41 business plans were presented, 15 finalists were selected by an international jury and 395,000 euros were awarded through grants.

The winners of the Innovadors 06 Award were the company Texbor, with its project, Eslingues Intel·ligents (Intelligent Slings), and Enric Canals and Toni D'Ocon, with the project Animació Audiovisual (Audiovisual Animation). They each received monetary awards of 112,500 euros. Albert Pintat, the Head of Government, presided over the Innovadors awards ceremony, held in Escaldes-Engordany on 30 November.

Texbor's project, Eslingues Intel·ligents, is the market entry strategy for a new product that uses the latest technologies to increase the "intelligence" of conventional textile slings used for material transport by air. It does this by installing a "black box" that provides information on the sling's condition, thus enhancing helicopter transport safety.

The Animació Audiovisual project by Enric Canals and Antoni D'Ocon is the business plan for an Andorran company that specialises in audiovisual animation production to create and distribute television cartoons worldwide. The company will also open an animation school in Andorra.

The third prize, worth 50,000 euros, went to Jordi Llovera of the company Enginesa for his business plan for a company that produces and markets software to design energy-efficient buildings, with an emphasis on thermal simulation and the optimisation of energy consumption.

A 50,000-euro award also went to Susagna and Emma Herrador's company, Touchemoa, for bringing talent back to Andorra. The business plan is for a designer clothing line focused on comfort and quality. Made up of two Andorran entrepreneurs, this team began their project in Barcelona and would now like to bring their business back to Andorra.

The finalists, awarded 10,000 euros each, were:

**1. Agora, Àlex Casanovas.** ICT infrastructure management: a platform that supports free software programming.

**2. Andorra Plató, Segarra i Terés - Àlex Terés.** Management and coordination of a set of services required to create audiovisual productions.

**3. Aracneco, Josep Sobrevias and Narcis Vinyolas.** Manufacturing of a robot that cleans smoke extraction pipes.

**4. Booo.com, Cyril Attia.** Access to a virtual office (and application downloads) via a simple Internet connection and the Booo.com webpage. Internet access via television, thanks to the Booox.

**5. Certifica.ad, Genis J. Campillo.** Digital identity and electronic signature solutions.

**6. Dant SA, Miquel Clua and Marc Miró.** Solutions to optimise labour market mediation, thanks to the design and marketing of standard and custom online applications.

**7. Mortgage Financing Product, Xavier Deu.** Home financing made possible by the investment of a funding partner who does not have right of use but does have rights to certain benefits on the home sale.

The Panel of **Judges** also gave three honourable mentions:

### 1. In R&D

Aracneco, Mr. Josep Sobrevias and Mr. Narcis Vinyolas Manufacturing of a robot that cleans smoke extraction pipes.

### 2. For an original idea

Mortgage Financing Product, Mr. Xavier Deu Home financing made possible by the investment of a funding partner, who does not have right of use but does have rights to certain benefits on the home sale.

### 3. For a non-profit project

Andorra Financers, Mr. Alexis Estopiñan and Ms. Yolanda Pastó Foundation to organise the finance profession as well as promote training and R&D.

Fifteen candidates were selected as finalists from the 41 business projects submitted. Particularly noteworthy amongst these were:

- The two special prize finalists (no monetary reward):

- **Goclippping, Mr. César Rodríguez**

Ongoing marketing studying through the company's positioning in the press.

- **Padern, Ms. Rosa Gili**

"e-government" solutions that address the set of citizen services offered by the public administration.



Albert Pintat  
Prime Minister



## Key recommendations From the Summit's participants

Selected recommendation from business leaders and experts on how to make Europe more innovative:

### LEADERSHIP

- Effective leadership in Europe needs to come from all sectors: government, business, civil society, local communities, and media.
- Leadership can only make a difference if it remains in close touch with the critical issues at hand, and which are increasingly global
- Need for the private sector, civil society and others to make it easier for politicians to take the right decisions

### POLICIES

- Europeans and Americans need to devise policies for shared responsibility and joint approaches to explore values and to determine what is being done right or wrong when dealing with China, India and other markets.
- Develop more effective models for competitiveness among EU members.
- Create a more open and creative European business environment to compete that will encourage greater flexibility, innovation and support for workers caught up in transition.
- Undertake greater global outsourcing for developing a knowledge economy by finding the best people to do the work
- Develop knowledge clusters, such as "Knowledge Hub Cities" - which are crucial to innovation and global competitiveness.
- Develop a more mobile workforce as a means of reducing unemployment.
- Recognize that small and medium-sized company as the real source of new employment.
- Introduce European-wide and national fiscal and other incentives to encourage the creation of small enterprises

- More incentives to encourage companies to invest in innovation
- Fewer administrative hurdles for start-ups
- Open European borders to allow in the right people as an essential move for more dynamic business, innovation and economic development

### PRIVATE SECTOR

- Need to develop a greater sense of community among entrepreneurs, notably the sharing of experience, pressure for change in governments and policies, or providing leadership for corporate social responsibility
- Innovation in Europe needs to respond more to customer needs
- Develop more joint ventures as a way of increasing markets and sales.
- Venture capitalists in Europe need to become more adventurous and embrace risk more readily
- Greater focus and radical positive discrimination in favour of innovative new enterprises.
- Recognize positive trends and opportunities for developing current or new industries, such as travel, tourism and entertainment.

### RESEARCH & DEVELOPMENT

- European governments and the EU need to be far more flexible and less burdensome in their approaches to stimulate R & D investment within the private sector, including fiscal relief.
- Commit more imaginative resources, both public and private, to research and development
- Governments should perhaps focus more on basic research, leaving applied research to the private sector.
- European companies should work collaborate more on facility sharing as a means of keeping costs down





# The Future of Europe Summit

## Inaugural meeting,

Andorra, 30 November-1st December 2006

### Making Europe a Global Leader in Innovation

Thursday, 30 November

Registration of participants 08:00 - 09:00

Welcoming Address 09:00 - 09:10  
H.E. Albert Pintat Santolària, Prime Minister of Andorra

Plenary brainstorming 09:10 - 10:30  
Re-engineering Europe's economic dynamism

There have been decades of discussion about sluggish economic growth in Europe, high unemployment, under-performing educational systems and a lack of entrepreneurship and innovation. What is blocking much-needed reform and can these obstacles be overcome? Which countries are well-placed to deliver on the Lisbon agenda? And isn't much more needed from governments and business to jumpstart European economic growth, innovation and entrepreneurship?

With:

Mark Minevich, General Partner, Going Global Ventures Inc, Founder and Chairman, Executive Board of Directors, Billion Minds Foundation, USA

Chaired by:

Claude Smadja, President, Smadja & Associates Inc., Switzerland

Following the opening remarks, participants will raise issues and challenges confronting Europe as it sets to revive its economic dynamism and upgrade its competitiveness. The identification of key issues will be fed into a list of *Recommendations for Europe*.

Contact break 10:30 - 11:00

Workshop 11:00 - 12:30

**The corporation as an innovation powerhouse: Learning from best practices**

Businesses are the drivers of economic change and growth. Which companies are setting the pace? How have they achieved success and expanded their businesses through innovative practices and technologies? Learn from the leaders on implementing change and maximizing innovation in your company or organization.

Holger Hartmann, Founder and CEO, BadenSolar, Germany

Christoph Loch, Professor of Technology and Operations Management,  
GlaxoSmithKline Chaired Professor in Corporate Innovation, INSEAD, France

Moderated by:

Liz Padmore, Consultant and Former Director of Policy and Corporate  
Affairs, Accenture, UK

**12:45 - 14:30 *Plenary luncheon***  
**Dialogue on leadership in Europe**

With slow economic growth, high unemployment, ageing populations and continuing political expansion, the right kind of leadership is of critical importance. How can Europe promote the emergence of effective and influential leaders who will encourage the spirit of innovation and entrepreneurship?

Fields Wicker-Miurin, Co-Founder and Partner, Leaders Quest, UK  
Edward Girardet, Author and Journalist, Switzerland

**14:45 - 16:00 *Debate***  
**All the Bill Gates' that Europe needs**

What should Europe do to create a more conducive environment for entrepreneurship and what are the main obstacles to innovation that need to be conquered? This session's debate format will provoke new ideas and concrete recommendations on maximizing the potential of existing European entrepreneurs and on how to encourage entrepreneurial spirit.

Adriaan Dierx, Head of Sector, Competitiveness and Innovation, Directorate  
General for Economic and Financial Affairs, European Commission, Belgium  
Javier Echarri, Secretary-General, EVCA European Private Equity and Venture  
Capital Association, Belgium

Rebecca Harding, Executive Director, GEM Global Entrepreneurship Monitor,  
London Business School

Antoni Martínez, Manager of the Energy Park, b\_TEC, Barcelona Innovation  
and Technology, Spain

Moderated by:

Bruno Giussani, European columnist, BusinessWeek Online, Switzerland

**14:45 - 16:00 *Panel discussion***  
**R&D and innovation in Europe: What role for governments? What role  
for business?**

The gap between EU and US research spending continues to widen: the EU now invests 40% less in R&D than its main competitor. In March 2002, as part of the Lisbon agenda, the Barcelona European Council decided that investment in European research and development (R&D) must be increased from the current 1.9% to 3% of GDP by 2010 with at least two thirds of the total investment coming from the private sector. Will this objective know the same fate as many other goals set by the Lisbon agenda?

Jaime Malet, Chairman of the Board, American Chamber of Commerce, Spain  
Jan van den Biesen, Vice-President & Director, Public R&D Programs, Philips  
Research, The Netherlands

H.E. Mrs Meritxell Mateu, Minister of Housing, Youth, Higher Education and  
Research, Andorra

Moderated by:

Liz Padmore, Consultant and Former Director of Policy and Corporate Affairs, Accenture, UK

**Contact break 16:00 - 16:30**

***Plenary brainstorming 16:30 - 18:00***

**Education: the key to Europe's future innovative power and competitiveness**

Reforming Europe's higher education is now a top priority. How can Europe better correlate education to the needs of the economy and the requirements for sustaining competitiveness? Whether its curriculum reform or funding, resource allocation or linkages between the business and academic worlds, the whole approach to education has to be reviewed urgently if Europe is to remain a key economic scientific and technologic player in the 21st century.

Francesc Solé Parellada, Director of Innovation Program, UPC, Spain  
Fields Wicker-Miurin, Co-Founder and Partner, Leaders Quest, UK  
Magda Rosenmöller, Lecturer of Production, Technology and Operations Management, IESE, Barcelona  
Aurore Wanlin, Research Fellow, Center for European Reform, UK

Chaired by:

Claude Smadja, President, Smadja & Associates Inc., Switzerland

***In Catalan Only 17:00 - 19:00***

**The "Innovadors'06" Prize Ceremony Roc Blanc Hotel**

Presentation of the prizes to the winners of "Innovadors'06", rewarding projects for setting up a firm in Andorra or expanding an existing one. Initiated by the Andorran Government's Bureau of Business Innovation, OIE, with the aim of diversifying the Andorran economy and improving the business environment.

H.E. Albert Pintat Santolària, Prime Minister of Andorra  
Javier Echarri, "Innovadors'06" Jury President and European Private Equity & Venture Capital Association (EVCA) Secretary-General, Belgium  
Jordi Robert, Head of the Bureau of Business Innovation (OIE) and Prime Minister's Commissioner for Technology, Andorra

**Cocktail reception 19:30 - 20:30**

**Gala dinner (*business attire*) 20:30 - 22:30**

**Friday, 1st December**

***Plenary debate 08:30 - 09:45***

**How can Europe face the China - India challenge?**

The emergence of China and India is putting serious pressure on a number of competitive advantages that European corporations have enjoyed to date. The two Asian giants are fast becoming across-the-board players on the global economic scene and quickly developing significant R&D capabilities. How



will European countries and European corporations confront the challenge?

Eugenio Bregolat Obiols, Ambassador of Spain to Andorra

Lucy P. Marcus, CEO, Marcus Venture Consulting, Chair, The Global Task Force on Building Women Leaders, United Kingdom

H.E. Mr. Juli Minoves Triquell, Minister of Foreign Affairs, Culture and Cooperation, Andorra

Clyde V. Prestowitz, President, Economic Strategy Institute, USA

Linda H. Yueh, Fellow in Economics, Pembroke College and Member of the Sub-faculty of Economics, University of Oxford

Chaired by:

Nik Gowing, Main Presenter, BBC World, UK

#### 10:00 - 11:15 *Panel discussion*

##### **Entrepreneurship, job creation and economic growth: closing the circle**

What mix of national policies and corporate practices will stimulate entrepreneurship and translate innovation into job creation? How can Europe build on policies that have proved successful and what are the lessons that can be drawn from failures? What are Europe's growth prospects, and how will its competitive stance evolve in the years ahead? How will the euro zone fare in an increasingly competitive global market?

Ricardo Baeza-Yates, Director, R&D Center, Yahoo, Spain

Román Escolano Olivares, Director for Institutional Relations, BBVA, Spain

H.E. Mr. Ferran Mirapeix Lucas, Minister of Finance, Andorra

Mark Spelman, Managing Partner Growth and Strategy, Accenture, USA

Moderated by:

Aurore Wanlin, Research Fellow, Center for European Reform, UK

#### 10:00 - 11:15 *Panel discussion*

##### **Meet the business innovators: How can Europe leverage new technologies to stimulate economic growth?**

From integrating new technologies into traditional businesses to internet start-ups to biotechnology the sky seems to be the limit in terms of economic growth potential. Are European businesses optimizing their chances both as innovators and users of the latest technologies? Can Europe consolidate and advance its position in some of these sectors to become a global leader? Where are Europe's strengths and where are the weaknesses? How to translate an idea into a successful start-up or business?

Karlheinz Brandenburg, Leiter des Fachgebietes Elektronische Medientechnik, Technische Universität Ilmenau & Direktor des Fraunhofer-Instituts für Digitale Medientechnologie (IDMT), Germany

Alfons Cornella Solans, President, Infonomia, Spain

Karoli Hindriks, Founder Goodmood, Estonia

Kelly Richdale, Founder, Sr. VP Global Sales, & Managing Dir. EMEA, A4Vision, Switzerland

Moderated by:

Bruno Giussani, European columnist, BusinessWeek Online, Switzerland

**Contact break 11:15 - 11:45**

***Panel discussion 11:45 - 13:00***

**Venture capital and innovation: how far still to go to catch up with the US?**

In 2005 European venture capital funds raised \$16.1 billion, up 44% over 2004. Although venture capital activity has been developing at a steady rate in Europe since the mid 90s, it still remains well below the levels achieved in the US. Where does the venture capital industry stand in Europe and how could its role in supporting entrepreneurship and innovation be enhanced?

Jordi Alberich, Managing Director, Circulo de Economia, Spain

Christopher Bunzl, Managing Partner, Everis, Spain

Emiliano Duch, President and Founder, Competitiveness, Spain

Lucy P. Marcus, CEO, Marcus Venture Consulting, Chair, The Global Task Force on *Building Women Leaders*, United Kingdom

Julie Meyer, CEO, Ariadne Capital, United Kingdom,

Moderated by:

Claude Smadja, President, Smadja & Associates Inc., Switzerland

***Closing keynote over lunch 13:15 - 15:15***

**Can Europe be sufficiently dynamic and remain itself?**

David Aaronovitch, Author, Journalist, Political Commentator, UK

H.E. Mr. Juli Minoves Triquell, Minister of Foreign Affairs, Culture and Cooperation, Andorra

Chaired by:

Nik Gowing, Main Presenter, BBC World, UK

## THE CONVENER

**The Prime Minister of Andorra, Mr. Albert Pintat.**

Since becoming the head of government of Andorra, a year ago, Mr. Albert Pintat has pursued a policy of opening up the Andorran economy. His initiatives seek to make Andorra a competitive, attractive, efficient, and transparent country with new growth areas beyond the present benefits brought by the tourism and banking industries and by Andorra's partial tax haven status.

## THE SUMMIT'S PRODUCER

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