European Innovation Scoreboard 2016

Executive summary
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European Innovation Scoreboard 2016: a new name

Using again its original name, the report is now called European Innovation Scoreboard, and not Innovation Union Scoreboard, as it was called from 2010 to 2015.

The EU is doing better compared to Japan and the United States, while it is losing ground vis-à-vis South Korea

At global level, the EU continues to be less innovative than South Korea, the United States and Japan, but performance differences with the last two countries have become smaller. However, South Korea has managed to improve its performance at a much faster pace than the EU over the last eight years. The EU still has a considerable performance lead over many other countries, including China. However, China is catching up, with a performance growth rate five times that of the EU.

Innovation performance is measured by average performance on 25 indicators

The measurement framework used in the European Innovation Scoreboard distinguishes between three main types of indicators and eight innovation dimensions, capturing in total 25 different indicators. The Enablers capture the main drivers of innovation performance external to the firm and cover three innovation dimensions: Human resources, Open, excellent and attractive research systems, as well as Finance and support. Firm activities capture the innovation efforts at the level of the firm, grouped in three innovation dimensions: Firm investments, Linkages & entrepreneurship, and Intellectual assets. Outputs cover the effects of firms’ innovation activities in two innovation dimensions: Innovators and Economic effects.

Member States are classified into four performance groups based on their average innovation performance

Based on their average innovation performance as calculated by a composite indicator, the Summary Innovation Index, Member States fall into four different performance groups (Figure 1). Denmark, Finland, Germany, the Netherlands, and Sweden are Innovation Leaders with innovation performance well above that of the EU average. Austria, Belgium, France, Ireland, Luxembourg, Slovenia, and the UK are Strong Innovators with innovation performance above or close to that of the EU average. The performance of Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia, and Spain is below that of the EU average. These countries are Moderate Innovators. Bulgaria and Romania are Modest Innovators. Bulgaria and Romania are Modest Innovators with innovation performance well below that of the EU average.

Figure 1: EU Member States’ innovation performance
There have been two changes in performance group memberships compared to last year’s report: Latvia has moved up to the Moderate Innovators, and the Netherlands has moved up to the Innovation Leaders.

**Date timeliness has improved**

The improved timeliness of the data for this year’s report originates from two changes. Firstly, the postponement of the report’s publication has allowed data updates until April 2016 to be included. Secondly, timeliness has improved due to changes in several data sources, e.g. data on trademarks and designs have now been acquired directly from the European Union Intellectual Property Office (EUIPO), and data on venture capital investments from Invest Europe, instead of acquiring these data indirectly from Eurostat.

**Growth has been positive over a period of eight years ...**

Over an eight-year period (2008-2015), performance has been improving for the EU as a whole, and for as many as 21 Member States, with growth having been highest for Latvia and Malta. However, for seven Member States, long-term performance growth has been negative, with the most negative growth rate observed for Romania.

**... but more recently, performance has declined for many Member States**

Despite the positive performance growth for many Member States for 2008-2015, there has been a trend reversal when comparing the years before and after 2012, with many Member States experiencing negative performance growth for 2012-2015. Most recently (2014-2015), as many as 17 Member States have experienced negative growth. The process of convergence in performance differences between Member States – as observed in previous reports since 2012 – appears to have come to a halt.

**More innovative countries have balanced innovation systems**

The country ranking order in overall innovation performance is similar to the ranking order for each of the eight innovation dimensions. Performance differences across the dimensions are smallest for the Innovation Leaders, suggesting that a balanced innovation system is essential for achieving a high level of performance.

**Switzerland remains the most innovative country in Europe**

Comparing the EU Member States to other European and neighbouring countries, Switzerland remains the most innovative European country. New inclusions this year to this comparison are Israel, a Strong Innovator, and Ukraine, a Modest Innovator. As regards other changes since last year, recent performance growth for Turkey has been strong, and this has moved the country from Modest to Moderate Innovators.

**In two years’ time, EU innovation performance is expected to increase by about 2.5%**

For the first time, this year’s report includes a forward-looking analysis of EU innovation performance discussing more recent developments, trends, and expected changes. The purpose of this exercise is to address the need for more recent information, since available statistical data for the EIS innovation indicators are, on average, two to three years old. The analysis explores the EU trend performance for 20 indicators, for which a robust calculation of expected short-term changes proved possible. Increasing performance is expected for 15 of these indicators, and decreasing performance for only three indicators. Projections for six indicators are based on provisional ‘fast track’ Community Innovation Survey 2014 data made available by 18 Member States. Overall, the EU innovation index is expected to increase relatively strongly by about 2.5% in two years’ time. The exercise also includes a trend comparison of the EU with its main competitors. At the global level, the trends observed in recent years can be expected to continue, with the EU performance gap towards Japan and the US narrowing further, the gap towards South Korea increasing, and the EU lead over China shrinking.