

News Release

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Priming R&D investment, focusing on electric cars and the smart grid: German government is advised to tune up the innovation engine

Germany's legendary innovation engine is faltering, according to a report delivered to Chancellor Angela Merkel today, but could – with a major tune-up – help propel the economy from crisis to sustainable growth. Forward-looking recommendations, such as how to move more effectively toward electric cars and the smart grid, rest on sobering assessments of government programs, trends in technology transfer, and conditions for entrepreneurs and investors. This package of analysis and advice came from the federally chartered Expert Commission on Research and Innovation, also known by the acronym EFI. The Bundestag, the German Parliament, is expected to discuss these issues in May and debate what actions to take.

The independent commission happens to be led by Munich-based researchers but has tapped intellectual resources from throughout and beyond Germany, spanning disciplines from engineering to economics. Professor Dietmar Harhoff, chair of the Expert Commission, is director of the Institute for Innovation Research, Technology Management, and Entrepreneurship at LMU, the University of Munich. Deputy Chair of the commission is Professor Ann-Kristin Achleitner, Scientific Director of the Center for Entrepreneurial and Financial Studies at TUM, the Technische Universität München.

"Innovation is not only about having good ideas and good developments," Achleitner said, "but it's very important to bring these developments to the market."

"Our charter is essentially to advise the government on recent developments, to make proposals for new policy initiatives, and also to evaluate the policies that they have put into place," Harhoff said. "And independence in this case means that we pick the topics of our report, and we can also go into the dark corners of innovation policy and snoop around in directions that maybe the policy makers would not like us to investigate – but that's a part of our job."

A video report on their findings and recommendations is available at: www.tum.de/film

The Expert Commission advises the government to refocus some existing efforts, eliminating others and redirecting resources accordingly. The commission's advice on financing aims not only toward prioritizing government spending, but also toward increasing private investment

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in research and development. Specific recommendations include measures such as changes in tax policy and the creation of a commercialization fund.

The prime example of a sharpened innovation focus would be a coordinated push in "electromobility." The term refers not only to electric and hybrid cars, Harhoff explained, "but it also means the overall system by which cars are charged, and discharged, through the smart grid. Ideally, the electric energy that we would like to use to power cars is highly volatile. It's coming from wind and solar, so it's fluctuating a lot. And in order to buffer these fluctuations, we could use, in principle, a large fleet of electric cars in Germany that would be charged and discharged in synch with the fluctuations in the electric system."

"For Germany," Achleitner said, "the automative sector is of considerable importance, and we see that this new technology is developing and we are not at the head. And electromobility is a perfect showcase where innovation policy shouldn't stop at the borders. We believe it is important on the European level to join forces in order to catch up – and to catch up will be of importance to the industry."

Other recommendations target more effective transfer of knowledge and technology from universities and other research institutions to industry – together with measures to strengthen the patent system and support standardization efforts.

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Technische Universität München (TUM) is one of Germany's leading universities. It has roughly 420 professors, 7,500 academic and non-academic staff (including those at the university hospital "Rechts der Isar"), and 24,000 students. It focuses on the engineering sciences, natural sciences, life sciences, medicine, and economic sciences. After winning numerous awards, it was selected as an "Elite University" in 2006 by the Science Council (Wissenschaftsrat) and the German Research Foundation (DFG). The university's global network includes an outpost in Singapore. TUM is dedicated to the ideal of a top-level research based entrepreneurial university. <http://www.tum.de>

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