

COMPETITIVENESS AND INNOVATION: THE QUEST FOR BEST

Welcome Address by

DIETER REITER

Lord Mayor, City of Munich

I am pleased to welcome you to the 14th Munich Economic Summit on behalf of the City of Munich. We are proud that Munich regularly serves as the venue for this conference that has become an important forum for exchange between science, the economy and politics. Thanks to the high calibre speakers and participants, it has gained recognition in Germany and abroad. I would like to use this opportunity to thank the organisers of the Munich Economic Summit, the BMW Foundation Herbert Quandt and CESifo.

There is little doubt in the public debate that innovation, research and science are important for economic competitiveness, employment and prosperity. For more than two decades, Munich has been considered one of the top economic locations in Europe – according to all economic and political rankings. As Lord Mayor of this City, the framework that helps the local economy to remain innovative and promote technology is therefore especially important to me.

The Munich economic region is strong in terms of innovation: Siemens and BMW are among the five most active patent applicants of all German companies. But also the Munich-based companies Infineon, Fraunhofer Gesellschaft, OSRAM, the Deutsches Zentrum für Luft- und Raumfahrt, MAN and Knorr Bremse are ranked among the 50 most active companies and institutions by the German Patent Office.

It goes without saying that Munich is internationally known as the city in which the big DAX companies such as BMW, Allianz, Infineon, Linde, Munich RE and Siemens are headquartered. But I strongly believe that the consistent vitality and innovative capacity of the region is also and especially due to the many hidden champions in the SME sector, the successful trades, the active start-up scene and the technically competent supplier industry for the different high-tech sectors.

Munich is attractive for innovative companies because of its excellent colleges and universities and the presence of many renowned research facilities. Connecting the knowledge and research institutes with the local companies through networks is an important goal of our regional business promotion efforts.

In addition to its two internationally recognised universities; the Technische Universität and the Ludwig-Maximilians-Universität, there are another 12 colleges in Munich. What is more, in addition to the Fraunhofer Gesellschaft, the Max Planck Society and the Helmholtz Centre, the Deutsches Zentrum für Luft- und Raumfahrt is also represented in the region.

One of the most important economic key players is BMW Group with its Research and Innovation Center FIZ in Munich-Milbertshofen. The FIZ is the technological heart of BMW Group and, with its 9,200 employees, is the most important driver of innovation. That is why I am especially pleased that BMW Group has clearly demonstrated its commitment to Munich and is currently in the process of firming up its plans to expand the FIZ by another 15,000 jobs by 2050.

Another strong location factor for Munich is the availability of qualified staff: in companies in Munich, the percentage of university degree holders amounts to an outstanding 2.5 percent of all jobholders. That is the top position in Germany. No other major city has such a high percentage of highly qualified employees. And companies in Munich can look into the future with confidence: at present, there are 112,000 students at the universities and colleges in Munich and there are also positive forecasts regarding the immigration of qualified employees to the city.

An active founder and start-up scene also makes a considerable contribution to the innovative strength of a region. Of the newly founded enterprises in Munich, more than average are based on technologically-oriented ideas. The number of young companies that are successful after the first five years of hard work is especially high in Munich. So the formula for success for sus-



tainable innovation in Munich is the following: technology-oriented, competitive entrepreneurship.

Furthermore I would also like to mention the current topic of digitalisation: the digitalisation of the economy is presently the biggest challenge for private corporations and public authorities, but it is not possible without an outstanding broadband infrastructure. The fact that broadband expansion in Germany still is inadequate and unsatisfactory is worth more than a footnote and can be seen as a real threat to Germany's innovative capacity. That is why, in Munich, we have our own strategy to meet the increased demands on fast internet connections: our municipal utility company a service provider Stadtwerke München (SWM) is consistently expanding our optical fibre cable network.

Please allow me to end my speech with the following conclusion: many aspects influence and promote the innovative strength of a region. Many basic conditions are determined at a European or national level. But it is vital that all private and public key players in a region pull together and define common objectives that every party implements in its own field of responsibility: the city offers a modern infrastructure and is also active in schools, the state promotes universities and individual economic clusters and the federal level creates a favourable political framework in terms of the labour market, the tax system and the promotion of innovation. It is easy for the economy to operate in this framework. New challenges can be actively confronted. It is also important to make the advantages of innovation clear to the public so that it is not regarded as a threat.

I wish the conference organisers and all participants a successful and exciting conference and interesting talks and discussions so that the Munich Economic Summit 2015 can make a valuable contribution to answering the question: how can we promote innovation and competitiveness and in the process maintain or even increase prosperity and the quality of life?

Thank you for your attention.