ABSTRACT OF WORKING PAPER 4.16

THE ROLE OF THE EU INTERNAL MARKET ON THE ADOPTION OF INNOVATION

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In this paper we analyse the impact that the Internal Market (IM) may have had on the diffusion of innovation at the European level thanks to the adoption of (i) less restrictive trade policies, (ii) increase in cooperation in science and technology and (iii) increased competition. The idea is simple. By pursuing some general goals such as increasing trade integration, cooperation and competition, the IM reforms have also likely reshaped the incentives for innovation creation and its adoption across European member states. Therefore, as an important "side effect", the IM reforms may have indirectly led to an increase in the rate by which innovation has been adopted in the EU member states due to the better institutional framework provided by these reforms.