

25 Questions from the Federal Register 76 FR 18627

DEPARTMENT OF COMMERCE
Economics and Statistics
Administration
Innovation Measurement

SUMMARY: The Department of Commerce is seeking public comment on issues related to the measurement of innovation. This request supports efforts of the Measuring Innovation in the 21st Century Economy Advisory Committee as it prepares recommendations for the Secretary of Commerce on new or improved measures of business innovation.

The committee is charged with developing innovation metrics that inform policy decisions and enable policymakers and the business community to better monitor innovation. Among other things, the Committee's work should build on the way firms assess the effectiveness of their own innovative activities. The recommendations should not only focus on measuring innovation and inputs, but should also focus on the results and output of innovation. Furthermore, the recommendations

should allow for analysis at industry, sector, national, and international levels and will cover the following four major categories

1. Improvement of the underlying architecture of the U.S. System of National Accounts to facilitate development of improved and more granular measures of innovation and productivity. Our national accounts are the main source of information about the growth of our national output, usually measured by the gross domestic product or GDP. Total Factor productivity (TFP), which measures growth of output per unit of input for the economy as a whole and for individual industries, is not included in the national accounts. Is the concept of TFP sufficiently related to innovation to warrant the inclusion of economy-wide and industry level TGP in the system of national accounts? ⁽¹⁾. If so, what is the most effective way to incorporate the concept into national accounts? ⁽²⁾. Are there ways to disaggregate the innovation component of TFP to differentiate innovation from other productivity

drivers? ⁽³⁾.

2. Identification of appropriate economy-wide and sector-specific indicators that could be used to quantify innovation and, or, its impacts. Are there measures that accommodate economy-wide (or macro-economic) and sector-specific notions of innovation? ⁽⁴⁾. What elements of innovation could serve as a foundation for statistical series? ⁽⁵⁾. To what extent would the collection of better data on service sector outputs and service inputs used by all firms improve innovation measurement? ⁽⁶⁾. Is market share growth a good indicator of innovation? ⁽⁷⁾. If so, would estimates in the change in U.S. firms' shares of regional, national, and global markets be useful innovation measures? ⁽⁸⁾. Could, or should, collaborative connections between entities be captured? ⁽⁹⁾. Since a characteristic of markets is that the benefits of innovations flow, at least in part, to buyers, are there ways to identify the flow of innovations across firms and sectors? ⁽¹⁰⁾

Answers at Question Marks Numbered ⁽¹⁻¹⁰⁾

⁽¹⁻³⁾ The contribution of innovation to the American Economy has risen far more rapidly and successfully than TFP is capable of determining, figures 51 & 52 on page 65. By the definition of technology – bottom of page 90 – and as enumerated in figures 57 to 60 on page 99, TFP isn't capable of determining technology either. Both deficiencies result from an overlooked flaw in the Cobb-Douglas foundation, page 89.

⁽⁴⁾ Yes. Sector and Economy wide innovation summations are in figures 42, 46, 48-52.

⁽⁵⁾ The necessary foundation is comprehensively presented in **Steps 1 & 2**, pages 5-34.

⁽⁶⁾ Better data collection is essential. This is addressed in **Appendix C**, page 83.

⁽⁷⁻⁸⁾ No. Not unless integrated with another factor, pages 51,52.

⁽⁹⁾ No. But the effect will be reflected in the metric for each entity, figures 11, 12.

⁽¹⁰⁾ Yes. The metric numerator **p** benefits buyers; its denominator **c** benefits firms.

3. *Identification of firm-specific data items that could enable comparisons and aggregation.* Current corporate innovation measurement appears to be done primarily on either a project or portfolio basis. Are these measurement practices sufficiently widespread and uniform to make data collection on either of these bases practical? ⁽¹¹⁾. Is it possible or necessary to collect information on company culture, incentive structures, and organizational change? ⁽¹²⁾. If customer satisfaction is an important measure of an innovative firm, how can that be captured? ⁽¹³⁾. How important is it to distinguish between types of innovation (i.e. radical versus incremental)? ⁽¹⁴⁾. What data would be needed to differentiate the characteristics of innovative firms within industry sectors from non-innovative firms? ⁽¹⁵⁾. What are the most important measures of the underlying process of how innovation and productivity advances are initiated or stimulated? ⁽¹⁶⁾. Could or should

an understanding of innovation from the consumer perspective be developed? ⁽¹⁷⁾. Could data items from SEC filings be used to enhance understanding of innovation in public companies? ⁽¹⁸⁾. Are there proxies for relative innovative success (e.g. percent of total revenue attributable to new – or significantly improved to the point where they could be considered new – products, services, or processes introduced within the last five years into markets where a firm has a growing market share) that would provide insight into relative innovative strength? ⁽¹⁹⁾. Is two years long enough? ⁽²⁰⁾.

4. *Identification of specific 'holes' in the current data collection system that limit our ability to measure innovation.* Some specific types of data holes were identified during the meeting, including lack of data on firm formation, intellectual property licensing costs as a type of purchased input, and insufficient product detail. What

should be the prioritized list of specific data items needed to fill the holes? ⁽²¹⁾. Limitations on our ability to link and coordinate across various data sets were also mentioned as a hole or deficiency of our current data collection system. Are there cost-effective ways of building on existing data sets to develop more information on innovation drivers and their link to success? ⁽²²⁾. How could data sharing and cooperation among federal agencies be improved insofar as such agencies maintain data series related to the measurement of innovation? ⁽²³⁾. Could existing private and, or, foreign data be combined with existing official statistical series in order to better measure innovation? ⁽²⁴⁾. Are there changes that could be made to make such combinations possible or easier? ⁽²⁵⁾.

Answers at Question Marks Numbered ⁽¹⁰⁻²⁵⁾

^(11,19,20) Use the metric $(p-p')/c$ on page 53 and in **Appendix F**, page 84.

⁽¹²⁾ Not necessary. Sales General and Administrative, SG&A, is within c^+ , pages 42,43.

^(13,17) With **p**. It uniquely captures a customer's satisfaction at the time of purchase.

⁽¹⁴⁾ Not. Radical innovations tend to boost **p** while incremental ones tend to lower **c**.

⁽¹⁵⁾ The gap between **p/c** and IB **Step 5**, pages 41-44 exemplified in **Step 6**, pages 45-54.

⁽¹⁶⁾ The primary factor is **iDe** introduced from page 41 and footnote 31 onwards.

⁽¹⁸⁾ Firms should be required to report multi division data separately in SEC filings.

^(21,22-25) DINTEC™ is the pre-eminent source for this. To operationalize between agencies requires knowledge supplied in **Appendix B**, page 83.

where Page Numbers refer you to <http://www.techmatt.com/Innovation-in-Economics-Missing-Pieces.pdf>

Deletion*Regulatory Flexibility Act Certification*

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. If approved, the action may result in additional reporting, recordkeeping or other compliance requirements for small entities.
2. If approved, the action may result in authorizing small entities to furnish the products to the Government.
3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 46-48c) in connection with the products proposed for deletion from the Procurement List.

End of Certification

The following product is proposed for deletion from the Procurement List:

Product**Inkjet Cartridge**

NSN: 7510-01-544-0834—Use in Canon printers BJC-30/50/55/70/80/85/85W.

NPA: Alabama Industries for the Blind, Talladega, AL.

Contracting Activity: Office Supplies & Paper Products Acquisition Ctr, New York, NY.

Kimberly M. Zeich,

Director, Program Operations.

[FR Doc. E7-7057 Filed 4-12-07; 8:45 am]

BILLING CODE 6353-01-P

DEPARTMENT OF COMMERCE**Economics and Statistics Administration****Innovation Measurement**

AGENCY: Economics and Statistics Administration, Department of Commerce.

ACTION: Notice and request for comments.

SUMMARY: The Department of Commerce is seeking public comment on issues related to the measurement of innovation. This request supports efforts of the Measuring Innovation in the 21st Century Economy Advisory Committee to collect seek advice from the public as it prepares recommendations for the Secretary of Commerce on new or improved measures of business innovation.

DATES: Written comments on this notice must be submitted on or before May 11, 2007. Please note that all comments will be made public and published on the

Committee's Web site at:
www.innovationmetrics.gov.

ADDRESSES: You may submit comments by any of the following methods:

E-mail: innovationmetrics@doc.gov.
Fax: (202) 482-2889 (Attn.: Elizabeth "E.R." Anderson).

Mail or Hand Delivery/Courier: Elizabeth "E.R." Anderson, Room 4836 U.S. Department of Commerce, Economics and Statistics Administration, 14th Street & Pennsylvania Avenue, NW., Washington, DC 20230. Because we continue to experience delays in receiving mail, respondents are encouraged to submit comments by mail early, or to transmit them electronically.

FOR FURTHER INFORMATION CONTACT: For questions on the submission of comments, contact Elizabeth "E.R." Anderson.

SUPPLEMENTARY INFORMATION: The charter establishing the Measuring Innovation in the 21st Century Advisory Committee (the Committee) calls for the Committee to make recommendations to the Secretary of Commerce on ways that will permit better measurement of innovation and its impact on the U.S. economy.

The Committee is charged with developing innovation metrics that inform policy decisions and enable policymakers and the business community to better monitor innovation. Among other things, the Committee's work should build on the way firms assess the effectiveness of their own innovative activities. The recommendations should not only focus on measuring innovation activities and inputs, but should also focus on the results and output of innovation. Furthermore, the recommendations should allow for analysis at industry, sector, national, and international levels.

The type of innovation for which measurement improvement is sought is defined as:

The design, invention, development and/or implementation of new or altered products, services, processes, systems, organizational structures, or business models for the purpose of creating new value for customers and financial returns for the firm."

The recommendations will cover the following four major categories identified by the participants during the initial meeting of the Advisory Committee:

1. Improvement of the underlying architecture of the U.S. System of National Accounts to facilitate development of improved and more granular measures of innovation and productivity;

2. Identification of appropriate economy-wide and sector-specific statistical series or other indicators that could be used to quantify innovation and/or its impacts;

3. Identification of firm-specific data items that could enable comparisons and aggregation; and

4. Identification of specific "holes" in the current data collection system that limit our ability to measure innovation.

Comments are solicited to address new and/or improved innovation measures in each of the above categories. Following are some specific issues and suggestions raised by Advisory Committee members, grouped according to the measurement categories listed above, on which the Committee specifically invites comment. Comments need not be limited to these issues and suggestions, but should address the specific data categories.

1. *Improvement of the underlying architecture of the U.S. System of National Accounts to facilitate development of improved and more granular measures of innovation and productivity.* Our national accounts are the main source of information about the growth of our national output, usually measured by the gross domestic product or GDP. Total Factor Productivity (TFP) which measures growth of output per unit of input for the economy as a whole and for individual industries is not included in the national accounts. Is the concept of TFP sufficiently related to innovation to warrant the inclusion of economy-wide and industry level TFP in the system of national accounts? If so, what is the most effective way to incorporate the concept into the national accounts? Are there ways to disaggregate the innovation component of TFP to differentiate innovation from other productivity drivers?

2. *Identification of appropriate economy-wide and sector-specific indicators that could be used to quantify innovation and/or its impacts.* Are there measures that accommodate economy-wide (or macro-economic) and sector-specific notions of innovation? What elements of innovation could serve as a foundation for statistical series? To what extent would the collection of better data on service sector outputs and services inputs used by all firms improve innovation measurement? Is market share growth a good indicator of innovation? If so, would estimates in the change in U.S. firms' shares of regional, national, and global markets be useful innovation measures? Could/should collaborative connections between entities be captured? Since a characteristic of markets is that the

benefits of innovations flow, at least in part, to buyers, are there ways to identify the flow of innovations across firms and sectors?

3. *Identification of firm-specific data items that could enable comparisons and aggregation.* Current corporate innovation measurement appears to be done primarily on either a project or a portfolio basis. Are these measurement practices sufficiently widespread and uniform to make data collection on either of these bases practical? Is it possible or necessary to collect information on company culture, incentive structures, and organizational change? If customer satisfaction is an important measure of an innovative firm, how can that be captured? How important is it to distinguish between types of innovation (*i.e.* radical versus incremental)?

What data would be needed to differentiate the characteristics of innovative firms within industry sectors from non-innovative firms? What are the most important measures of the underlying process of how innovation and productivity advances are initiated or stimulated? Could/should an understanding of innovation from the consumer perspective be developed?

Could data items from SEC filings be used to enhance understanding of innovation in public companies? Are there proxies for relative innovative success (e.g. percent of total revenue attributable to new—or significantly improved to the point where they could be considered new—products, services, or processes introduced within the last two years into markets where a firm has a growing market share) that would provide insight into relative innovative strength? Is two years long enough?

4. *Identification of specific "holes" in the current data collection system that limit our ability to measure innovation.* Some specific types of data holes were identified during the meeting, including lack of data on firm formation, intellectual property licensing costs as a type of purchased input, and insufficient product detail. What should be the prioritized list of specific data items needed to fill the holes?

Limitations on our ability to link and coordinate across various data sets were also mentioned as a hole or deficiency of our current data collection system. Are there cost-effective ways of building on existing data sets to develop more information on innovation drivers and their link to success? How could data sharing and cooperation among federal agencies be improved insofar as such agencies maintain data series related to the measurement of innovation? Could existing private and/or foreign data be

combined with existing official statistical series in order to better measure innovation? Are there changes that could be made to make such combinations possible or easier?

To assist the Advisory Committee in evaluating and comparing specific ideas for new or improved innovation measurement, comments on proposals for new or improved innovation measurement should provide the following information:

1. Description of proposal. Proposals for new or improved innovation measurement should include the following:

- Specific description of the proposed change.
- Identification of the specific Committee category to which the proposal applies.
- Rationale for the proposed change.
- Data description, sources and method of collection.
- Approximate cost and burden estimate.

2. Impact of proposal on innovation measurement. Proposals should include:

- Description of how proposal improves measurement of innovation as defined by the Advisory Committee.
- Description of the particular elements of innovation measurement that are improved by the proposal.
- Description of how the proposal addresses the issues and questions raised by the Committee.
- Description of how the new or improved measure would provide appropriate signals of changes in business behavior for the purpose of informing policy debates.

Page Limit—Submissions should be limited to a maximum length of 10 pages. Identification and Cover Sheet—Each page of the submission should be clearly marked with the submitter's name (and organization, if applicable), date of submission, and contact information (if the submitter chooses to provide it). Each submission should be clearly marked as originating from one of the following categories of submitters: Individuals, Businesses, Government, Academia, or Organizations and Associations.

All comments must be submitted to the address indicated in this notice. The Department requires that all comments be submitted in written form.

The Department encourages interested persons who wish to comment to do so at the earliest possible time. The period for submission of comments will close on May 11, 2007. The Department will consider all comments received before the close of the comment period. Comments received after the end of the comment period will be considered if

possible, but their consideration cannot be assured. The Department will not accept comments accompanied by a request that part or all of the material be treated confidentially because of its business proprietary nature or for any other reason. All comments submitted in response to this notice will be a matter of public record. They will be available for public inspection and copying and posted on the Advisory Committee's Web site at <http://www.innovationmetrics.gov>.

Dated: April 9, 2007.

Elizabeth (E.R.) Anderson,
Deputy Under Secretary for Economic Affairs.
[FR Doc. 07-1827 Filed 4-12-07; 8:45 am]

BILLING CODE 3510-06-P

DEPARTMENT OF COMMERCE

International Trade Administration

(A-533-809)

Certain Forged Stainless Steel Flanges from India: Notice of Final Results of New Shipper Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On January 31, 2007, the Department of Commerce (the Department) published the preliminary results of new shipper review of the antidumping duty order on certain forged stainless steel flanges from India. See *Certain Forged Stainless Steel Flanges From India; Preliminary Results of New Shipper Review*, 72 FR 4483 (January 31, 2007) (*Preliminary Results*). This new shipper review covers Kunj Forgings, Pvt., Ltd. (Kunj), a manufacturer and exporter of the subject merchandise. The period of review is February 1, 2005, through January 31, 2006.

We did not receive any comments from parties, and we have not made any changes to our analysis. The final weighted-average dumping margin for Kunj is thus unchanged from our preliminary results of review, and is shown in the section entitled "Final Results of Review."

EFFECTIVE DATE: April 13, 2007.

FOR FURTHER INFORMATION CONTACT: Fred Baker or Robert James, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-2924 or (202) 482-0649, respectively.

SUPPLEMENTARY INFORMATION: