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# International Sourcing in Finland and Sweden

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This book summarizes the key findings of the *International Sourcing in Finland and Sweden* (acronym: InSource) collaborative research project of ETLA, the Research Institute of the Finnish Economy, and KTH, Royal Institute of Technology in Stockholm. This effort has been kindly supported by Tekes, the Finnish Funding Agency for Innovation, and Vinnova, Sweden's innovation agency.

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# Foreword

Tekes, the Finnish Funding Agency for Innovation, and its Swedish sister organization VINNOVA joined forces in 2014 to study the renewing manufacturing industries. Under this umbrella, Tekes and VINNOVA supported half a dozen international research projects, including our *Intangibles and International Sourcing* (acronym: InSource), and facilitated intense interaction between researchers and policymakers in Finland and in Sweden.

As a part of InSource, ETLA and KTH have conducted several microeconomic analyses that shed new light on the nexus between innovation and globalization (Baum, Ding, Löf, Rouvinen, & Tuhkuri, 2017; Deschryvere, 2017; Ketokivi & Rouvinen, 2015; Ketokivi, Turkulainen, Seppälä, Rouvinen, & Ali-Yrkkö, 2017; Löf & Nabavi, 2015; Tuhkuri, 2016a, 2016b; Tuhkuri, Löf, Mohammadi, & Rouvinen, 2016a, 2016b; Ylömäki, 2016). In this book, we discuss what this body of work, along with additional work by others and us, implies for Finland and Sweden.

We wish to thank Tekes and VINNOVA for their support. We are most grateful to our colleagues representing the ROAmING project (under the same Tekes-VINNOVA umbrella) for providing Chapter 5 for this book, which superbly complements our work. Professors Gaaitzen de Vries (University of Groningen) and Martin Kenney (University of California, Davis) have offered invaluable guidance during the project. Gaaitzen's expertise is most visible in Chapter 2; his help has been indispensable for our understanding of the *World Input-Output Database* (WIOD) and related calculations. Martin has tirelessly challenged and inspired us to delve into the practical operations of global value chains and to think through the implications of, e.g., transfer pricing practices employed by multinational enterprises. We are indebted for all that we learned from Gaaitzen and Martin.

Finally, we are deeply honored that Professor Richard Baldwin – a world-leading thinker in this domain and the original inspiration for the InSource project (via his work for the Prime Minister's Office of Finland in 2006) – wanted to join us for the final InSource event on 24 August 2017.

Richard's most recent book (Baldwin, 2016) – a *Financial Times Best Economics Book of 2016* – challenges us again to think about what lies ahead with yet another “unbundling” induced by artificial intelligence, telepresence, and other emerging technologies.

August 2017, Helsinki and Stockholm,

Jyrki Ali-Yrkkö (ETLA), Hans Lööf (KTH), Ali Mohammadi (KTH), and Petri Rouvinen (ETLA), the editors of this book and the coordinators of the InSource project.

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