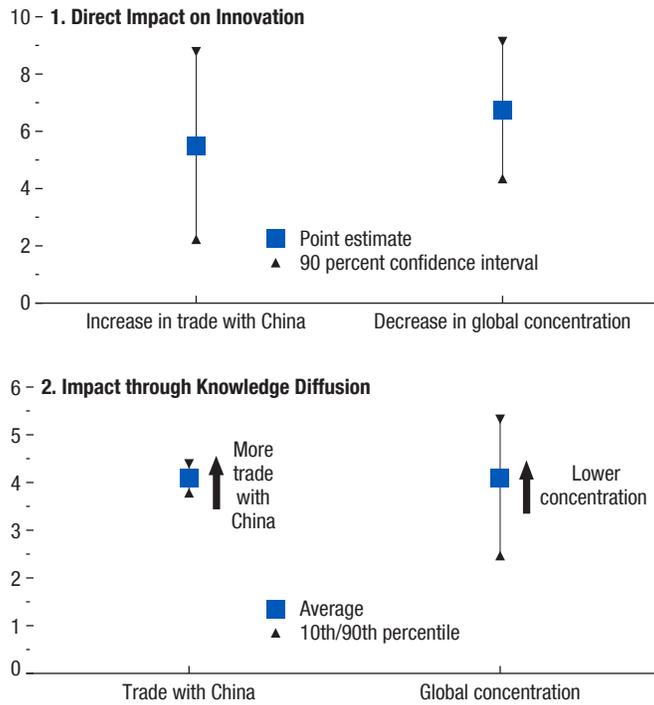


Figure 4.13. The Effect of Competition on Innovation and Technology Diffusion
(Percent)



Source: IMF staff calculations.

Note: Panel 1 shows the estimated change in the recipient's patenting activity in response to the average change in the structural factors over the sample period. Lower and upper bounds denote the 90 percent confidence interval. Panel 2 shows the estimated response of patenting activity in the recipient to a 10 percent increase in the weighted foreign research and development stock, for a range of values of structural factors.