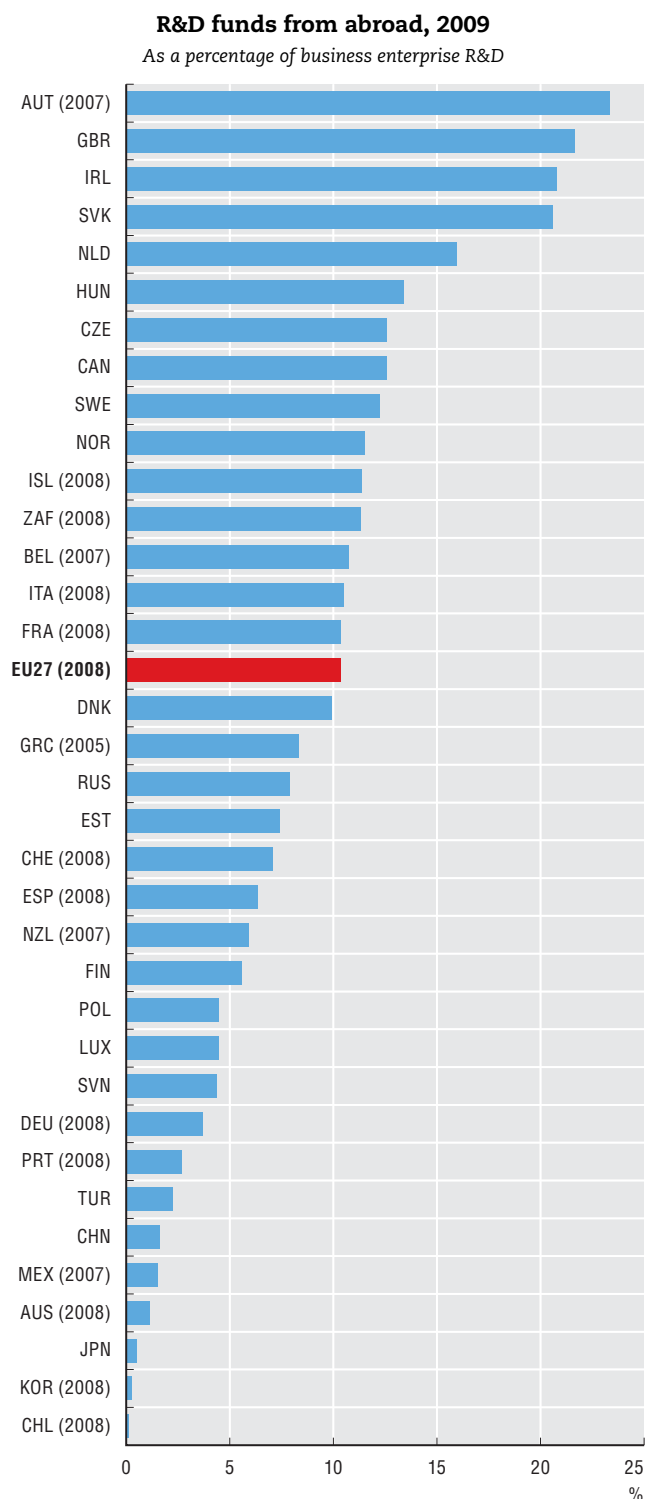


3. CONNECTING TO KNOWLEDGE

2. International funding of R&D



Source: OECD, Main Science and Technology Indicators Database, June 2011.

StatLink <http://dx.doi.org/10.1787/888932486203>

Funding of business enterprise research and development (BERD) may be national or foreign. It may originate from private business, public institutions (government and higher education), or international organisations. Research and development (R&D) funding from abroad includes, for instance, R&D performed by affiliates of foreign-owned companies, R&D undertaken under contract on behalf of companies based abroad or research grants from international organisations. On average, R&D funding from abroad plays quite an important role in the funding of business R&D. In the EU, it represented around 10% of total business enterprise R&D in 2008. The weight of foreign multinationals in the economy and in the domestic production of technology appears to matter. For Austria, Ireland, the Slovak Republic and the United Kingdom, funds from abroad represented 20% or more of total business enterprise R&D.

In most countries, the financing of business enterprise R&D from abroad comes mainly from other business enterprises. In a group of 19 countries for which data are available, only France, Spain, Slovenia and Portugal report foreign business enterprises contributing less than 80% of the total foreign funds for R&D. Korea, the United Kingdom, the Slovak Republic and Austria report the highest values.

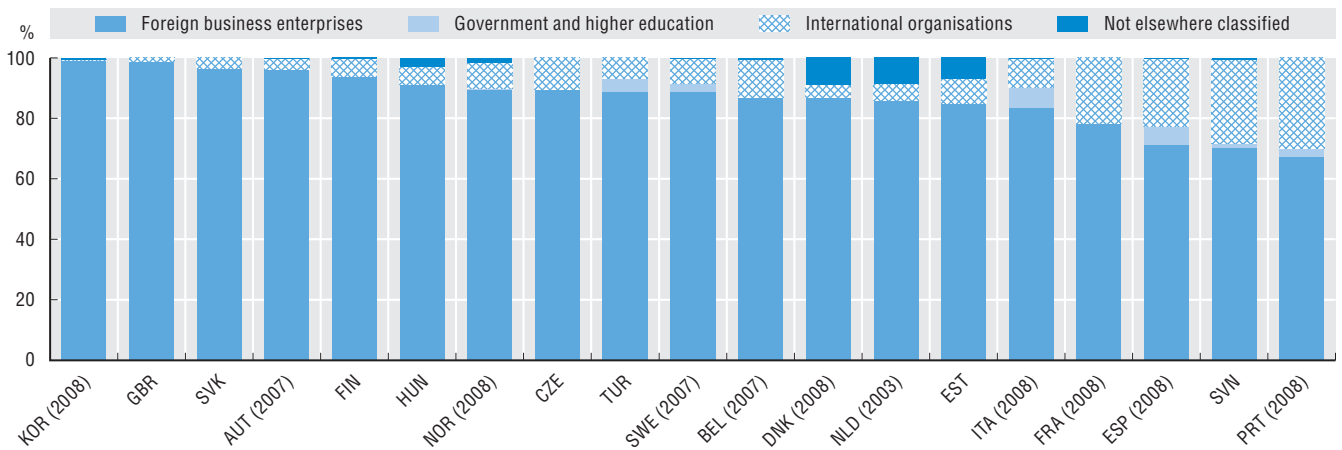
Within the R&D funds reported to come from foreign enterprises, 16 countries are able to report the proportion corresponding to intra-company funding or funding from other firms. Among these, only Slovenia reports a higher share of funds from non-related companies, which account for nearly 70% of total funds from abroad. The proportion accounted for by enterprises from the same group is largest for Finland, Hungary, Portugal and the Slovak Republic.

Definitions

R&D surveys collect information from R&D performers about the sums which one unit, organisation or sector has received or will receive from another unit, organisation or sector for the performance of intra-mural R&D during a specific period. Companies are required to provide a breakdown of their R&D expenditures according to the sources of funds, which can be either internal or received from units belonging to the different sectors specified in the *Frascati Manual*, one of which is "Abroad". This consists of all institutions and individuals located outside the political borders of a country, excluding vehicles, ships, aircraft and satellites operated by domestic entities and testing grounds acquired by such entities. It also includes all international organisations (except business enterprises), including facilities and operations within the country's borders.

Business enterprise R&D funded from abroad, 2009

By source of funds

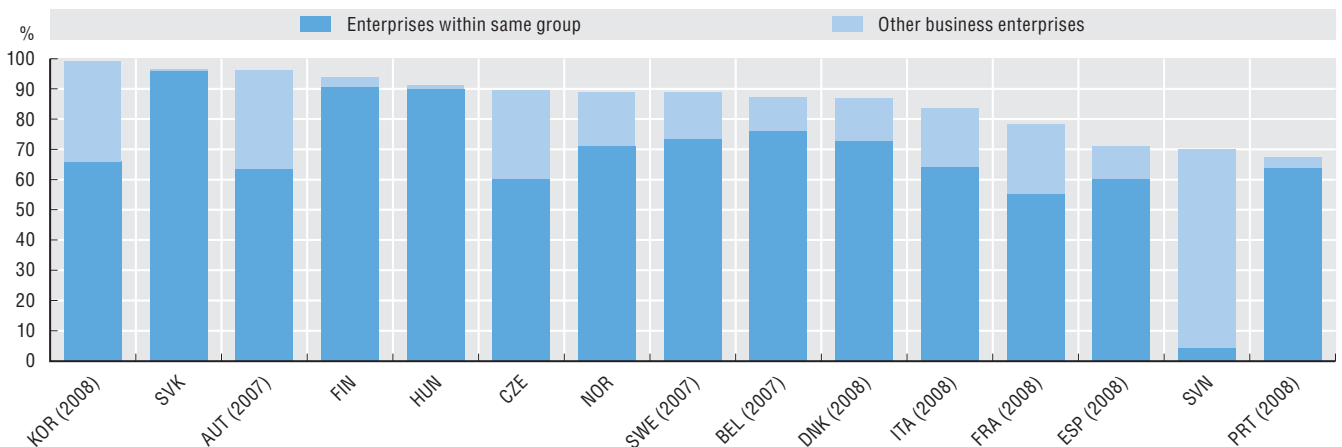


Source: OECD, Research and Development Database, May 2011.

StatLink <http://dx.doi.org/10.1787/888932486222>

R&D funding from foreign enterprises, 2009

As a percentage of funds from abroad



Source: OECD, Research and Development Database, May 2011.

StatLink <http://dx.doi.org/10.1787/888932486241>

Measurability

The increasing internationalisation of research and development (R&D) and other economic activities makes it difficult to identify accurately inflows of R&D funds to companies and their precise nature. For example, there is a growing need to measure international R&D transactions properly and to deal with the problem of non-priced transfer of R&D within multinational enterprises. R&D surveys are commonly used to collect statistics on international flows of funds for R&D. A new Task Force of the OECD Working Party of National Experts on Science and Technology Indicators (NESTI) has begun a review of the design of business R&D surveys with a view to ensuring that the questions in these surveys can help achieve better measurement of international R&D transactions in order to help meet the needs of the System of National Accounts (SNA) and build a bridge between R&D and globalisation statistics.



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