

## EXPENDITURE ON R&D

Expenditure on research and development (R&D) is a key indicator of government and private sector efforts to obtain competitive advantage in science and technology. In 2005, research and development amounted to 2.3% of GDP for the OECD as a whole.

### Definition

Research and development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications. R&D is a term covering three activities: basic research, applied research, and experimental development. Basic research is experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation of phenomena and observable facts, without any particular application or use in view. Applied research is also original investigation undertaken in order to acquire new knowledge. It is, however, directed primarily towards a specific practical aim or objective. Experimental development is systematic work, drawing on existing knowledge gained from research and/or practical experience, that is directed to producing new materials, products or devices, to installing new processes, systems and services, or to improving substantially those already produced or installed.

The main aggregate used for international comparisons is gross domestic expenditure on R&D (GERD). This consists of the total expenditure (current and capital) on R&D by all resident companies, research institutes, university and government laboratories, etc. It excludes R&D expenditures financed by domestic firms but performed abroad.

### Long-term trends

Since 2000, R&D expenditure relative to GDP (R&D intensity) has increased in Japan, and it has decreased slightly in the United States.

In 2004 and 2005, Sweden, Finland, and Japan were the only three OECD countries in which the R&D-to-GDP ratio exceeded 3%, well above the OECD average of 2.3%. Since the mid-1990s, R&D expenditure (in real terms) has been growing the fastest in Iceland and Turkey, both with average annual growth rates above 10%.

R&D expenditure for China has been growing even faster than GDP, resulting in a rapidly increasing R&D intensity, growing from 0.9% in 2000 to 1.4% in 2006.

### Comparability

The R&D data shown here have been compiled according to the guidelines of the Frascati Manual. It should, however, be noted that over the period shown, several countries have improved the coverage of their surveys of R&D activities in the services sector (Japan, Netherlands, Norway and United States) and in higher education (Finland, Greece, Japan, Netherlands, Spain and the United States). Other countries, including especially Italy, Japan and Sweden, have worked to improve the international comparability of their data. Some of the changes shown in the table reflect these methodological improvements as well as the underlying changes in R&D expenditures.

For Korea, social sciences and the humanities are excluded from the R&D data. For the United States, capital expenditure is not covered.

Data for Brazil and India are not completely according to Frascati Manual guidelines, and were compiled from national sources. Data for Brazil, India and South Africa are underestimated, as are the data for China before 2000.

### Source

- OECD (2007), *Main Science and Technology Indicators*, OECD, Paris.

### Further information

#### Analytical publications

- OECD (2006), *OECD Science, Technology and Industry Outlook 2006*, OECD, Paris.
- OECD (2007), *OECD Science, Technology and Industry: Scoreboard 2007*, OECD, Paris.
- OECD (2007), *The Space Economy at a Glance*, OECD, Paris.

#### Statistical publications

- OECD (2007), *OECD Science, Technology and R&D Statistics on CD-ROM*, OECD, Paris.

#### Methodological publications

- OECD (2003), *Frascati Manual 2002: Proposed Standard Practice for Surveys on Research and Experimental Development*, OECD, Paris.

#### Online databases

- STAN: *OECD Structural Analysis Statistics – online database*, ANBERD: *R&D Expenditure in Industry*.

#### Websites

- OECD Science, Technology and Industry, [www.oecd.org/sti](http://www.oecd.org/sti).

## Gross domestic expenditure on R&amp;D

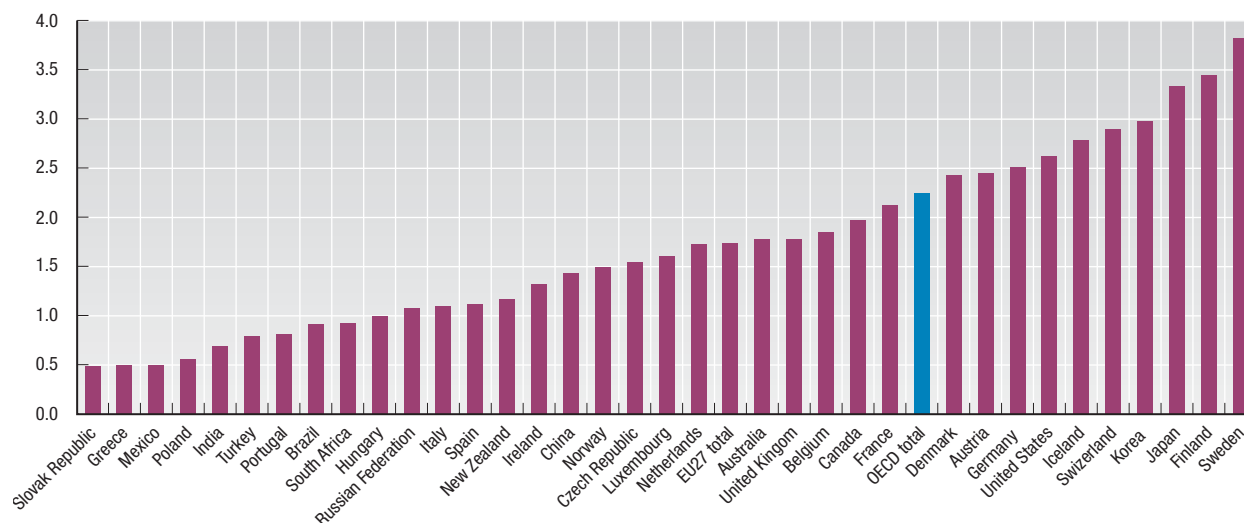
As a percentage of GDP

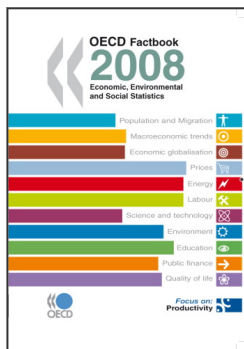
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Australia	..	1.53	..	1.61	..	1.47	..	1.51	..	1.69	..	1.78	..	..
Austria	1.44	1.51	1.54	1.59	1.69	1.77	1.88	1.91	2.03	2.12	2.23	2.22	2.41	2.45
Belgium	1.66	1.65	1.67	1.77	1.83	1.86	1.94	1.97	2.08	1.94	1.89	1.87	1.86	1.85
Canada	1.68	1.73	1.70	1.65	1.66	1.76	1.80	1.92	2.09	2.04	2.01	2.01	1.98	1.97
Czech Republic	..	..	0.95	0.97	1.08	1.15	1.14	1.21	1.20	1.20	1.25	1.25	1.41	1.54
Denmark	1.72	..	1.82	1.84	1.92	2.04	2.18	..	2.39	2.51	2.58	2.50	2.45	2.43
Finland	2.14	2.28	2.26	2.52	2.70	2.86	3.16	3.34	3.30	3.36	3.43	3.45	3.48	3.45
France	2.38	2.32	2.29	2.27	2.19	2.14	2.16	2.15	2.20	2.23	2.17	2.15	2.13	2.12
Germany	2.28	2.18	2.19	2.19	2.24	2.27	2.40	2.45	2.46	2.49	2.52	2.49	2.48	2.51
Greece	0.36	..	0.38	..	0.39	..	0.52	..	0.51	..	0.50	0.48	0.51	0.50
Hungary	0.95	0.87	0.71	0.63	0.70	0.66	0.67	0.78	0.92	1.00	0.93	0.88	0.94	1.00
Iceland	1.33	1.37	1.53	..	1.83	2.01	2.30	2.68	2.96	2.97	2.82	..	2.78	..
Ireland	1.16	1.25	1.26	1.30	1.27	1.23	1.18	1.12	1.10	1.10	1.18	1.25	1.26	1.32
Italy	1.10	1.02	0.97	0.99	1.03	1.05	1.02	1.05	1.09	1.13	1.11	1.10	1.10	..
Japan	2.65	2.60	2.71	2.81	2.87	3.00	3.02	3.04	3.12	3.17	3.20	3.17	3.33	..
Korea	2.12	2.32	2.37	2.42	2.48	2.34	2.25	2.39	2.59	2.53	2.63	2.85	2.98	..
Luxembourg	..	..	..	..	..	..	..	1.65	..	..	1.66	1.66	1.61	..
Mexico	0.22	0.29	0.31	0.31	0.34	0.38	0.43	0.37	0.39	0.44	0.43	0.47	0.50	..
Netherlands	1.91	1.95	1.97	1.98	1.99	1.90	1.96	1.82	1.80	1.72	1.76	1.78	1.73	..
New Zealand	1.01	..	0.95	..	1.09	..	1.00	..	1.14	..	1.19	..	1.17	..
Norway	1.70	..	1.69	..	1.63	..	1.64	..	1.59	1.66	1.71	1.59	1.52	1.49
Poland	0.76	0.70	0.63	0.65	0.65	0.67	0.69	0.64	0.62	0.56	0.54	0.56	0.57	0.56
Portugal	0.58	0.56	0.54	0.57	0.59	0.65	0.71	0.76	0.80	0.76	0.74	0.77	0.81	..
Slovak Republic	1.35	0.89	0.92	0.90	1.07	0.78	0.65	0.65	0.63	0.57	0.58	0.51	0.51	0.49
Spain	0.86	0.79	0.79	0.81	0.80	0.87	0.86	0.91	0.91	0.99	1.05	1.06	1.12	..
Sweden	3.15	..	3.32	..	3.51	..	3.62	..	4.25	..	3.95	3.71	3.89	3.82
Switzerland	..	..	..	2.65	..	..	..	2.53	..	..	..	2.90	..	..
Turkey	0.44	0.36	0.38	0.45	0.49	0.50	0.63	0.64	0.72	0.66	0.61	0.67	0.79	..
United Kingdom	2.05	2.01	1.95	1.87	1.81	1.80	1.87	1.86	1.83	1.83	1.79	1.73	1.78	..
United States	2.52	2.42	2.51	2.55	2.58	2.62	2.66	2.74	2.76	2.66	2.66	2.59	2.62	2.62
EU27 total	..	..	1.66	1.66	1.66	1.67	1.72	1.73	1.76	1.76	1.75	1.73	1.74	..
OECD total	2.11	2.06	2.07	2.10	2.12	2.15	2.18	2.22	2.27	2.23	2.24	2.21	2.25	..
Brazil	..	..	0.87	0.77	..	..	..	1.01	1.05	1.00	0.97	0.91	..	..
China	0.70	0.64	0.57	0.57	0.64	0.65	0.76	0.90	0.95	1.07	1.13	1.23	1.33	1.43
India	0.71	0.65	0.63	0.65	0.70	0.72	0.74	0.77	0.75	0.73	0.71	0.69	..	..
Russian Federation	0.77	0.84	0.85	0.97	1.04	0.95	1.00	1.05	1.18	1.25	1.28	1.15	1.07	1.08
South Africa	0.61	..	..	..	0.60	..	..	..	0.73	..	0.80	0.86	0.92	..

StatLink  <http://dx.doi.org/10.1787/274374238001>

## Gross domestic expenditure on R&amp;D

As a percentage of GDP, 2006 or latest available year

StatLink  <http://dx.doi.org/10.1787/268663601088>



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