

Brussels, 16 November 2009

## Corporate R&D investment in 2008: a global increase with EU companies leading US and Japan

*Worldwide corporate R&D investment increased by 6.9% in 2008, in spite of the economic crisis, according to the 2009 "EU Industrial R&D Investment Scoreboard" published today. With an 8.1% increase, the R&D investment growth of EU companies', defined as companies having headquarters within the EU, is significantly higher than US ones for the second year, at 5.7%, and Japanese ones, at 4.4%. Two EU companies feature in the top ten: Volkswagen in the 3<sup>rd</sup> place with an R&D investment of €5.93 billion and Nokia in the 8<sup>th</sup>. The world's biggest investor in R&D was Toyota Motor, with €7.61 billion. The report also shows that companies from emerging countries have the highest R&D investment growth.*

*"It is good news that EU companies kept up their R&D investment against the background of the economic crisis in 2008. This is the best strategy to emerge stronger out of the crisis. We must support EU companies' efforts and provide incentives to reinforce the EU research intensive sectors. Building a truly European research area is part of the answer, together with EU actions to promote smart investments in R&D. I also welcome the increase of R&D investment by EU companies active on low carbon energy technologies. They represent new sources of EU growth and jobs",* said European Science and Research Commissioner Janez Potočnik.

The European Commission EU Industrial R&D Investment Scoreboard shows that despite the economic crisis, the corporate R&D investment worldwide is still at 6.9%, compared with 9.0% in 2007 (Figure 1). EU companies managed to maintain their R&D investment growth barely unchanged at 8.1% from 8.8% in 2007, whereas that of US companies fell from 8.6% in 2007 to 5.7% in 2008. Companies based in emerging economies continued to show the highest R&D growth, led by China with a 40% increase, India (27.3%), Taiwan (25.1%) and Brazil (18.6%). If the impact of the crisis is not yet fully reflected in the corporate R&D investment, it is more visible in other indicators collected by the Scoreboard, such as company operating profits, which dropped by 30.5% for EU companies and by 19.1% for US companies.

### Company trends

Two EU companies, Volkswagen and Nokia, are among the top 10 R&D investors; five from the US, including Microsoft, and General Motors, Pfizer; and one from Japan, Toyota, at the top position. In the Top 50 R&D investors are 16 EU companies and 18 US companies, two less each than in 2007, while Japan has 13 companies, four more than 2007. However, EU companies in the top 50 had a higher average R&D intensity (R&D investment as percentage of sales) than non-EU companies, with 7.8% compared to 6.8% (Figure 2).

### Sector trends

The R&D growth in the US is dominated by the high R&D intensity sectors, which includes Pharmaceuticals and biotechnology and IT sectors, while R&D growth in the EU is more evenly spread across all sectors.

US companies have reinforced their leading position in the high R&D intensity sector, by increasing their investments by 35% in the last four years against only 13.6% in the EU

companies (Figure 3). While the total US high R&D intensity sector is twice the size of the EU one in terms of R&D investment, EU companies in this sector show similar performance than US competitors in terms of R&D and related indicators.

EU companies lead the way in the medium-high and medium-low R&D intensity sectors, such as automobile & parts, electronic and electrical equipment or chemicals.

The pharmaceuticals & biotechnology sector reinforces its position as top R&D investor both worldwide and in the US, accounting respectively for 18.9% and 25.0%. Many pharmaceutical companies showed a strong increase in R&D investment: e.g. Takeda Pharm. (+42.7%), Boehringer Ingelheim (+21.9%), Schering-Plough (+20.6%). However, Merck (US), Johnson & Johnson and Pfizer. decreased their R&D investment between 1 and 2%.

The automobiles & parts sector is the third worldwide, accounting for 17.1%, but the first in EU and Japan, accounting respectively for 25.0% and 27.0%. Despite being the first sector hit by the economic crisis, some automobile companies had double-digit R&D growth in the last year: Volkswagen (+20.4%), Peugeot (+14.4%) and Fiat (+14.1%). Others reduced their R&D investment considerably, e.g. Renault (-9.2%), Daimler (-9.1%), BMW (-8.9%), Ford Motor (-2.7%), and General Motors (-1.2%).

This year's Scoreboard confirms the strong R&D activity of companies active in renewable energy technologies. The six EU companies from this sector showed impressive growth in R&D investment over the last three years (Figure 4).

## **Background**

The 2009 EU Industrial R&D Investment Scoreboard provides information on the top 1000 EU companies and 1000 non-EU companies investing in R&D in the last reporting year. It is published annually by the European Commission. The Scoreboard and other IRMA (Industrial Research Investment Monitoring and Analysis) reports are downloadable at <http://iri.jrc.ec.europa.eu/>

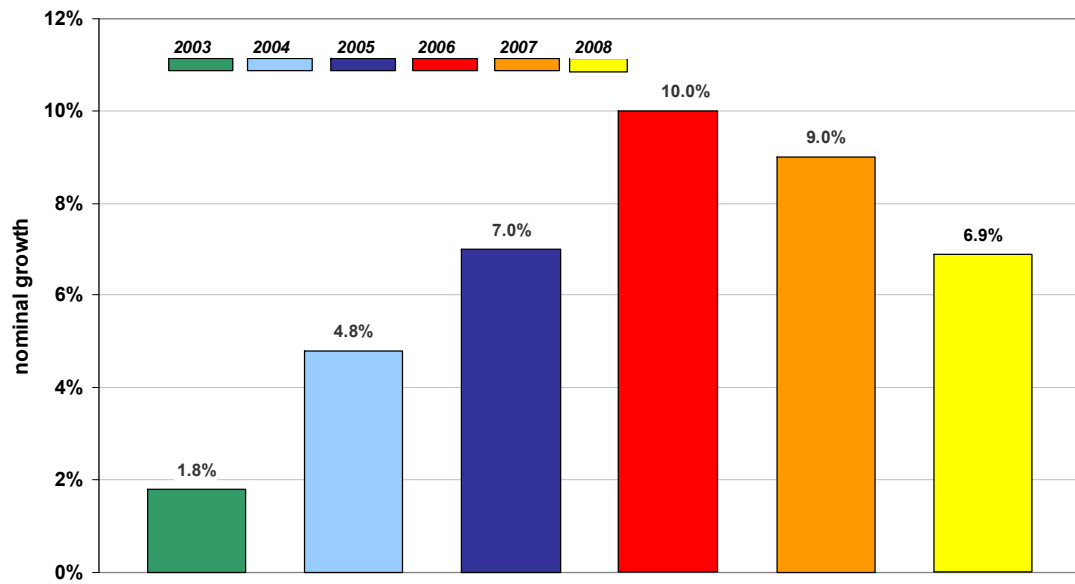
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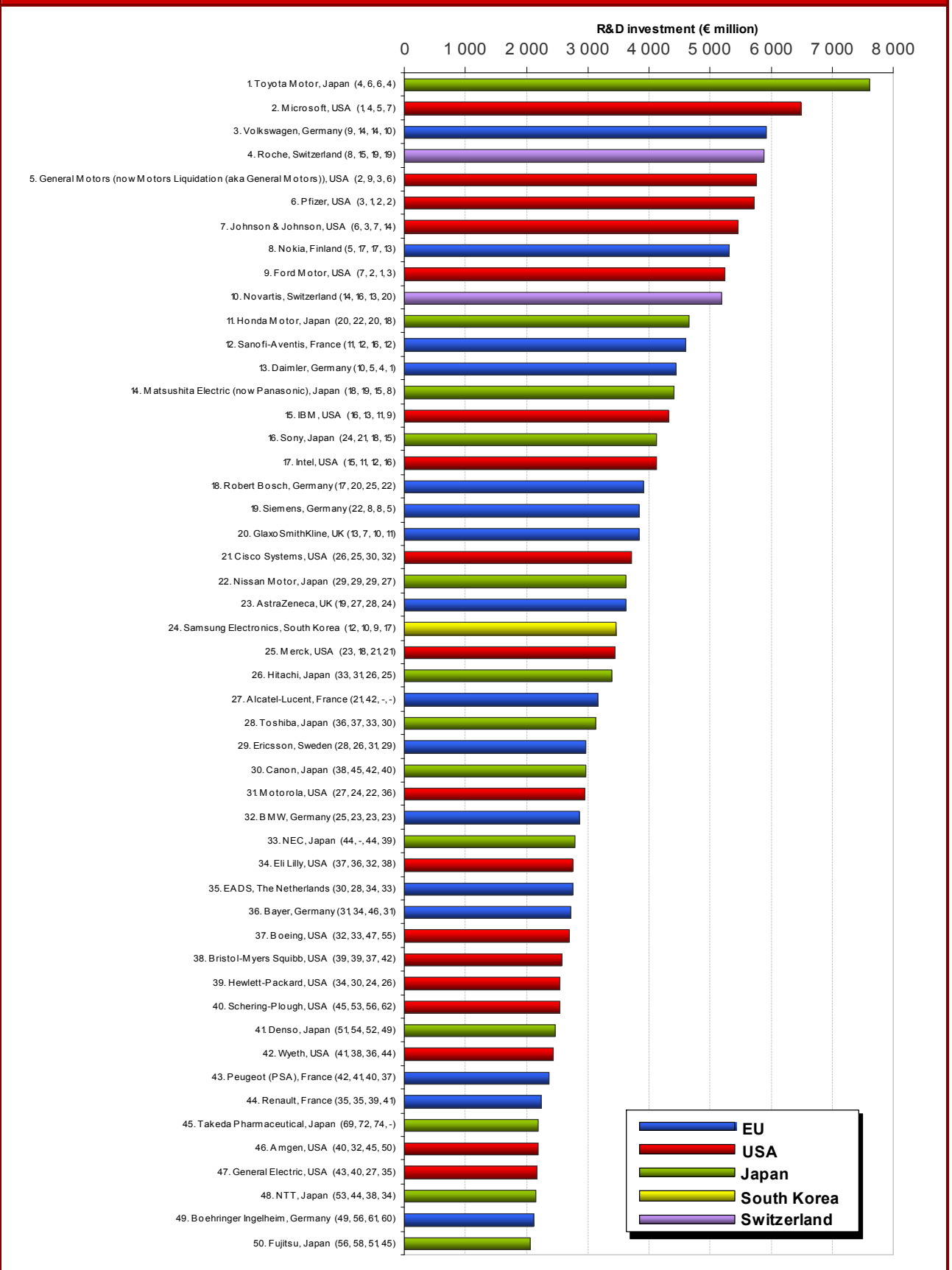
**Figure 1. R&D investment growth of the Scoreboard companies**



Note: The different Scoreboards are not directly comparable because of changes in the sample composition.

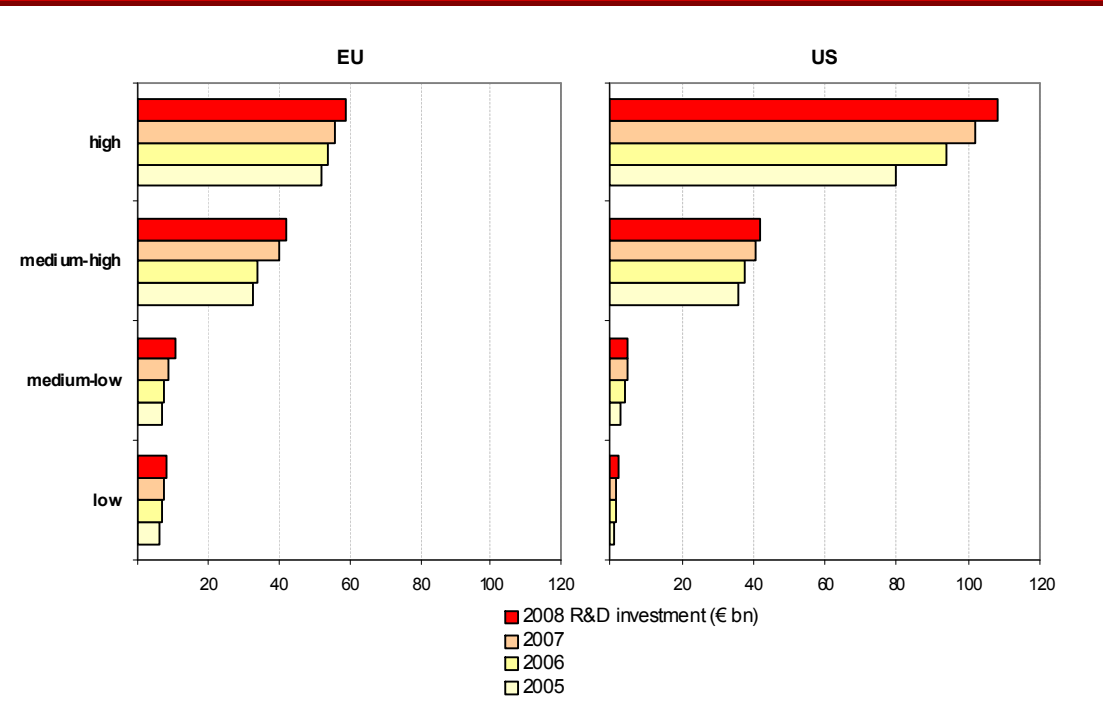
Source: *The EU Industrial R&D Investment Scoreboards (of 2004, 2005, 2006, 2007, 2008, 2009)*  
European Commission, JRC/DG RTD.

**Figure 2. Ranking of the world top 50 R&D companies by their total R&D investment in the 2009 Scoreboard (€ million).**



Note: The numbers in brackets after the names of the companies indicate their rankings in past Scoreboards.  
 Source: The 2008 EU Industrial R&D Investment Scoreboard, European Commission, JRC/DG RTD.

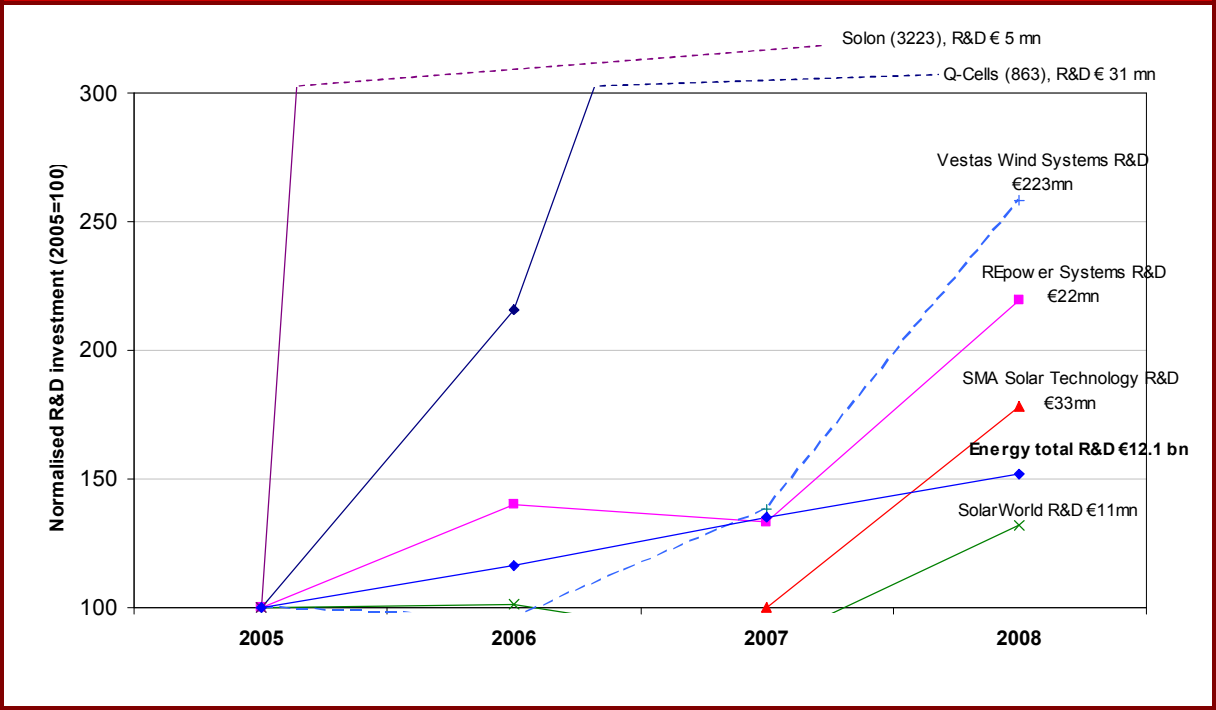
**Figure 3. R&D investment for the EU and the US Scoreboard companies from 2005-2008 by sectors defined according to R&D intensity**



Note: For comparable companies. Sectors are split into four groups by R&D intensity of the sector worldwide:  
**High R&D intensity** sectors (intensity above 5%) include e.g. Pharmaceuticals & biotechnology; Health care equipment & services; Technology hardware & equipment; Software & computer services.  
**Medium-high R&D intensity** sectors (between 2% and 5%) include e.g. Electronics & electrical equipment; Automobiles & parts; Aerospace & defence; Industrial engineering & machinery; Chemicals; Personal goods; Household goods; General industrials; Support services.  
**Medium-low R&D intensity** sectors (between 1% and 2%) include e.g. Food producers; Beverages; Travel & leisure; Media; Oil equipment; Electricity; Fixed line telecommunications.  
**Low R&D intensity** sectors (less than 1%) include e.g. Oil & gas producers; Industrial metals; Construction & materials; Food & drug retailers; Transportation; Mining; Tobacco; Multi-utilities.

Source: *The EU Industrial R&D Investment Scoreboards (of 2004, 2005, 2006, 2007, 2008 and 2009).*

**Figure 4. Alternative energy companies with fastest R&D growth**



Source: *The 2009 EU Industrial R&D Investment Scoreboard*  
European Commission, JRC/DG RTD.