

Ireland must continue to build R&D capability and collaboration for future success

Launch of Forfás Report on Business Expenditure on R&D

The business sector spent €917million on R&D activities in 2001 up from €784 million in 1999 according to a report published today (25th September, 2003) by Forfás. The report also states that the average annual real growth rate for BERD (Business Expenditure on R&D) was four per cent for the period 1999-2001, compared with a real growth rate of 11.8 per cent per annum for the previous two-year period (1997-1999). The report entitled **Research and Development in the Business Sector 2001** updates a regular series and analyses the latest data on business expenditure on R&D (BERD) in Ireland.

Speaking at the launch of the report today Martin Cronin, Chief Executive, Forfás said “This report highlights a number of important issues for Ireland as a location for R&D and for our future enterprise development. Business is increasing its investment in R&D activities, but not at a rate which will improve our position relative to other countries. EU Heads of Government have stated that Europe must become the most competitive and dynamic knowledge-based economy in the world. To achieve this goal, a target figure has been set of an average EU investment in R&D of 3% of GDP by 2010, two thirds of which should come from industry. In the light of this, and the goal that Ireland has set itself of being a competitive and knowledge-based economy, we must ensure that Ireland is a location which is attractive for R&D both in our universities and in industry.”

“Forfás supports the view of ICSTI (the Irish Council for Science, Technology and Innovation) that R&D tax credits for industry would be beneficial. This would ensure that Ireland is not at a competitive disadvantage as a location for R&D and would assist firms prepared to invest significantly in R&D. Measures to promote greater R&D performance and collaboration in both large companies and SMEs also need to be strengthened. The capacity of our indigenous firms to absorb new technologies is of particular importance and their connectedness to the higher education system, which is the major source of new technology for commercialisation, must be facilitated.” continued Mr Cronin.

Some of the key results from the survey are:

- Ireland spent just under 1 per cent of Gross National Product (GNP) on Industrial R&D in 2001. This is in line with the relative expenditure in 1999 and compares to an EU average of 1.2 per cent and an OECD average of 1.6 per cent.
- Foreign-owned industry maintained its share of two-thirds of total expenditure on R&D in 2001.
- A small number of sectors dominate business R&D activity in Ireland – electrical and electronic equipment, software/ computers, pharmaceuticals, and food & drink. An important trend over the past decade has been the systematic and substantial increase in R&D expenditure in software and computer related services, particularly in Irish enterprises where the total spend equals that of foreign-owned firms.
- The number of firms spending significant amounts of money (more than €1.3 million) on R&D increased from 98 in 1999 to 111 in 2001. Of these, 65 were foreign owned (55 in 1999) and 46 Irish owned (43 in 1999).
- In terms of international rankings Ireland has a relatively high number of researchers employed in industry (4.5 per thousand in the industrial workforce) compared to expenditure by business on R&D and is above the EU average (4.1 per thousand).
- The reported levels of R&D collaboration by firms in 2001, either with other firms or with the public sector research system, are almost the same as those reported in the 1993 survey. The intervening period has not led to any significant increase in co-operative behaviour, particularly with the higher education sector, despite numerous policy initiatives aimed at raising such co-operation.
- The gender balance in Ireland is above the EU average (23.4 per cent of researchers are female versus 13 per cent across the EU).

“It is clear that Ireland must put in place initiatives that ensure that the right environment is available to allow increased numbers of firms to spend significant amounts on R&D and increase the scale of R&D undertaken,” commented Mr Cronin.