

## STRONG PERFORMANCE IN R&D DRIVEN BY INCREASED PUBLIC INVESTMENT - FORFÁS

Expenditure on R&D in Ireland increased to €1,780 million in 2004 up 10.7 per cent on 2003 and is estimated to reach €1,910 million for 2005, according to a report published today by Forfás entitled Gross Expenditure on Research and Development (GERD).

The report provides a full picture of Ireland's R&D activity and includes data on domestic and international sources of funding, sectors of performance, research personnel and gender, and other indicators on Ireland's R&D performance.

Welcoming the increase in total R&D spending, Martin Cronin, Chief Executive, Forfás said "The continuous improvement in R&D performance will assist Ireland in boosting the competitive position of our goods and services in the international marketplace in the years ahead. R&D performance will be advanced further in the coming years by new R&D investments supported by Science Foundation Ireland (SFI), IDA Ireland, Enterprise Ireland, the Higher Education Authority and the Research Councils and this will foster innovation and lead to productivity gains".

"While these increases provide us with a stronger base on which to build, it is vital for long term national economic success that we promote further investment in R&D to meet the targets in the National R&D Action Plan. The key challenge will be to accelerate the positive trend in business R&D performance, backed by continued increases in publicly-funded R&D. Enterprises must understand and exploit the potential of R&D for their development and continue to invest for the future. Firms with an eye on long-term growth in international markets need to ensure that they have clear plans to introduce higher value products and services and to improve operating efficiencies," continued Mr Cronin.

### Key Findings

- Total R&D spending in Ireland increased from 1.35% of GNP in 2002 to 1.43% of GNP in 2004. This compares with the EU25 average of 1.85% (GDP) and the OECD average of 2.24%.
- Despite having one of the strongest growth rates in business R&D performance, business expenditure on R&D as a percentage of economic activity has remained static as the strong R&D gains only matched the strong economic growth posted in the period. Business sector R&D recorded a 16.3% increase totalling €1,150 million in 2004, up from €988 million in 2002.
- The higher education sector has significantly increased its R&D spending from €322 million in 2002 to €492 million in 2004, a 53% increase. These increases outpaced economic growth, pushing up relative intensity and driving much of the increase in GERD. Increasing Higher Education Research and Development (HERD) has been driven by direct government funding through SFI and the Programmes for Research in Third-Level Institutions (PRTLTI).

- Public sector performance in R&D increased by 10.7%, to €138 million from 2002 - 2004.
- The Government Budget Allocation to R&D (GBAORD) increased from €430 million in 2002 to €625 million in 2004, a percentage increase of 45%. This has resulted in GBAORD as a percentage of GNP rising to 0.50% in 2004 from 0.40% in 2002.
- Strong increases in personnel employed in research activities were recorded from 2002 to 2004. The main increase was within the higher education sector with an increase in researchers from 2,695 (full time equivalence) in 2002 to 4,152 in 2004.
- Researchers in Ireland now account for 5.7 per 1,000 in employment. This compares with the EU25 figure of 5.8 and the OECD figure of 6.6 per 1,000 in employment.
- A new indicator included in this edition of GERD details the percentage of women engaged in R&D activities. Currently 33% of total research personnel are women (head-count basis) however, only 22.5% in the business sector are women. While 44% of total research personnel in the higher education sector are women, within this 78% of support staff are female.