

Press Release

Stability in Public Funding for Research Critical to Sustaining Ireland's Economic Development

R&D Tax Credits Needed to Drive Innovation and Competitiveness

In a Statement on *State Expenditure Priorities for 2004* published today (**Thursday, 10th July, 2003**), the Irish Council for Science, Technology and Innovation (ICSTI) stressed the critical importance of maintaining Ireland's major commitment under the National Development Plan to investment in research and innovation.

Research initiatives through the Higher Education Authority and Science Foundation Ireland are establishing Ireland as an important location for advanced research. Ireland must avoid a stop-go approach to research funding that would jeopardise these efforts. Ireland should sustain the strong signal to industry and researchers at home and abroad that it is serious about developing as a knowledge and innovation based economy. Maintaining support for research, especially during difficult economic times, is vital to retaining and creating jobs in a knowledge-driven economy.

The Council recommends a number of expenditure priorities for 2004:

- the introduction of R&D Tax Credits to ensure Ireland is not at a competitive disadvantage as a location for foreign direct investment. A number of countries with which Ireland competes already offer R&D tax credits, including France, Netherlands, Spain and the UK;
- the NDP funding commitments for the developing research infrastructure of strategic importance to Ireland under the HEA's Programme for Research in Third Level Institutions (PRTLTI) should be reinstated in 2004;
- third level institutions should be facilitated in loan financing the current shortfall in PRTLTI funding;
- the enhancement of Ireland's investment in research excellence through Science Foundation Ireland must be continued;

- increased support should be provided for applied research in industry and for commercialising research;
- an allocation of €14.6 million should be provided to initiate implementation of the Report and Recommendations of the Task Force on the Physical Sciences.

“Science, technology and innovation increasingly determine the performance of modern economies and the competitiveness of industries. It is critical that the good progress and momentum achieved under the National Development Plan over recent years in establishing an international reputation for Ireland as a centre for world class research excellence be maintained and further developed. There is a need for certainty and stability of public funding for research by Government Departments if Ireland is to build on the progress achieved” said Dr. Edward M. Walsh, Chairman of the Irish Council for Science, Technology and Innovation.

“The impact of the PRTLTI pause is significant. It has resulted in delays in building programmes, deferral of equipment purchase and installation, including equipment part funded with private sector donors. Should Ireland fail to implement its ambitious research and innovation investment strategy under the National Development Plan questions will be raised internationally as to the seriousness and certainty of Ireland’s commitment to building a knowledge based economy. The investment strategy is central to future job creation in an increasingly competitive Europe. PRTLTI and Science Foundation Ireland must be kept on target” said Dr. Walsh.

The Council highlights, in its Statement, that the level of business expenditure on research and development in Ireland is low for an economy whose output and exports are dominated by high technology sectors. R&D intensity in the manufacturing sector, as measured by the level of R&D related to industrial output, continues to be poor and has declined relative to 1999 levels.

“Global competition for the location of new manufacturing and R&D facilities is intense. Similarly, the repositioning of the Irish enterprise sector higher up the economic value chain is dependent on increasing the amount and the quality of business R&D.”

“Tax credits are particularly effective for large firms and for attracting mobile enterprise R&D activities. A tax credit for R&D would reduce, though not eliminate, Ireland’s competitive disadvantage as a location for internationally mobile R&D-related investment” continued Dr. Walsh.

ICSTI is also concerned at the recent trends of declining uptake of the sciences at second level, in particular among girls, and declining applications for science courses at third-level. It urges that these weaknesses be addressed so that a new generation of young people is in a position to avail of future job opportunities in a knowledge-driven economy.

“The Council strongly supports the Report and Recommendations of the Department of Education and Science’s Task Force on the Physical Sciences published in 2002 and the goal articulated for Ireland to achieve “scientific literacy for all.” The implementation of the Recommendations is crucial for the development of Ireland as a centre for world-class research excellence and as a knowledge-based economy” concluded Dr. Walsh.

Ends.