

Brussels, 15 October 2008

European companies outpace American counterparts in R&D investment growth for the first time in five years

R&D investment by EU companies has increased by 8.8% compared to the increased R&D investment by US companies of 8.6%, according to the 2008 edition of the European Commission's annual Industrial R&D Investment Scoreboard published today. Three EU companies feature in the top ten: Nokia in 5th place (up from 17th), with an R&D investment of €5.3 billion, Volkswagen in 9th (up from 14th) and Daimler in 10th (down from 5th). The world's biggest investor in R&D in 2008 is Microsoft, with €5.6 billion. Trends show increased sales and profitability for EU companies and for the first time since records began in 2004, R&D investment growth in the EU companies is greater than that of their US counterparts.

"We are pleased that R&D investment growth in EU companies has increased, against the background of a slight fall in the growth rate worldwide," said European Science and Research Commissioner Janez Potočnik. "In particular, companies in the energy field are rapidly increasing their R&D investments, responding to the need to make more efficient use of limited resources. However, private sector R&D in Europe remains at 1% of GDP, amidst signs that EU companies are making an increasing share of their R&D investments outside Europe. Therefore, we must continue our efforts to make Europe a more attractive place for business R&D, notably by creating a truly European Research Area, in order to reach the Lisbon objectives".

The EU Industrial R&D Investment Scoreboard is published annually by the European Commission as part of its Industrial Research Investment Monitoring activity. It shows that worldwide corporate R&D investment growth decreased from 10% in last year's Scoreboard to 9%, but EU corporate R&D investment growth increased by 8.8%, up from 7.4% on last year's Scoreboard. EU companies are almost closing the gap in R&D growth rate compared to all non-EU companies (*figure 2*), and it is slightly ahead of the R&D investment growth rate in US Scoreboard companies, which has dropped sharply from 13.3% to 8.6% (*Figure 1*).

Company trends

Three EU companies are ranked in the top ten investors in R&D: Nokia, the top EU company, has moved from 17th position last year to 5th position this year; Volkswagen has moved up from 14th position to 9th position; and Daimler has moved down from 5th to 10th position. Glaxo Smith Kline and Siemens dropped out of the top 10. Three US companies are in the top positions: Microsoft, General Motors and Pfizer (*Figure 3*).

The business performance of Scoreboard companies further improved in the past year. Sales of EU companies grew by 7.0% – resulting in a small increase in R&D intensity – and sales of non-EU companies grew by 9.2%. The profitability of EU companies increased to 12.2%, against 11.3% in non-EU companies.

Companies from emerging economies continued to show strong R&D growth. Over the past three years, companies like Petroleo Brasileiro, Petro China and Tata Motors had an annual R&D investment growth rate of 52.6 %, 22.2 % and 42.6 % respectively.

Sector trends

Pharmaceuticals & biotechnology: This sector, which includes many EU and Swiss companies, reinforced its top position, accounting for more than 19 % of the R&D investments made by all *Scoreboard* companies together. Several pharmaceutical companies showed a particularly strong increase in R&D investment (partly due to acquisitions): e.g. Schering-Plough (+33.7%), AstraZeneca (+29.8%), Roche (+25.9%) and Novartis (+21.1%).

Automobiles & parts: In this sector – the EU's biggest in terms of R&D investment – R&D investment growth (6.9%) was considerably above the three year average annual growth rate (4.9 %). Whereas Volkswagen and Toyota Motor raised substantially their R&D (by 16.1% and 9.6%, respectively), General Motors had the biggest increase in R&D (22.7%).

Energy field: Some large European companies showed high annual R&D growth rates over the past three years (*Figure 4*). For example, Royal Dutch Shell increased R&D by 2.2 times and AREVA by 1.7 times over this period. Even higher growth rates are found amongst some companies in the field of alternative energies. In wind technology, Vestas Wind Systems increased R&D by a factor of 2.2 and Nordex by a factor of 3. In the solar photovoltaic field, Q-Cells has entered the scoreboard in 2008 for the first time after increasing R&D by 15.4 times in three years.

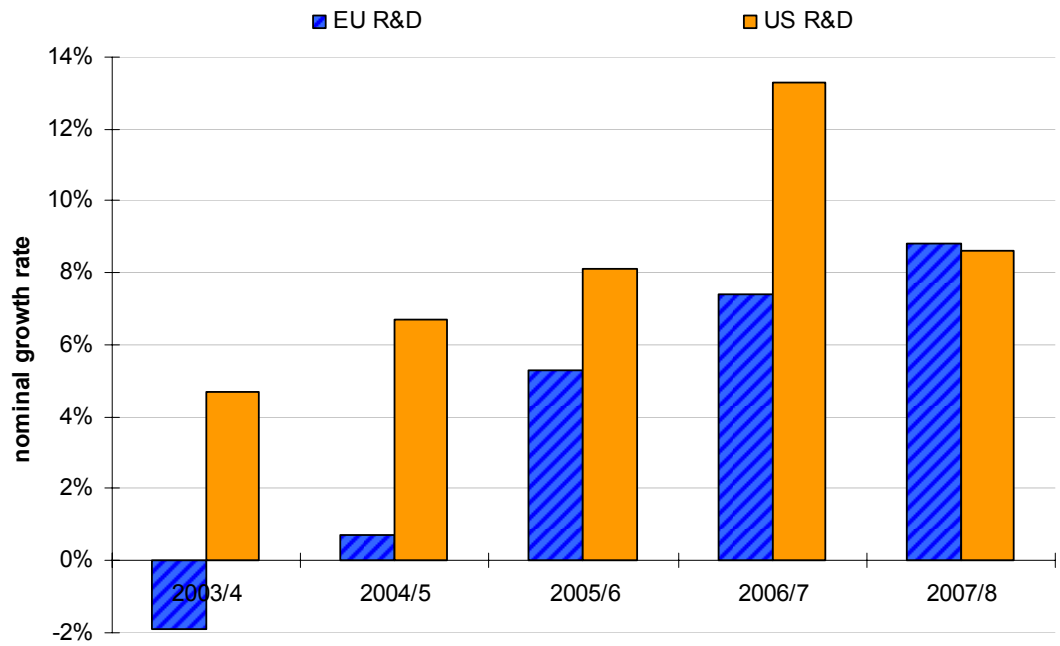
Scoreboard methods

The report looks at R&D investment data from 2000 participating companies' own accounts over the 2007/8 financial year. The sample comprises the 1000 EU companies investing the largest sums in R&D and the 1000 non-EU companies investing the largest sums in R&D.

All the data come from publicly available audited accounts. The data is based on the location of the registered office of the company conducting the R&D, and not on the location where the R&D is performed.

The 2008 EU Industrial R&D Investment Scoreboard has been prepared jointly by DG Research and the Joint Research Centre and can be downloaded from: <http://iri.jrc.ec.europa.eu>

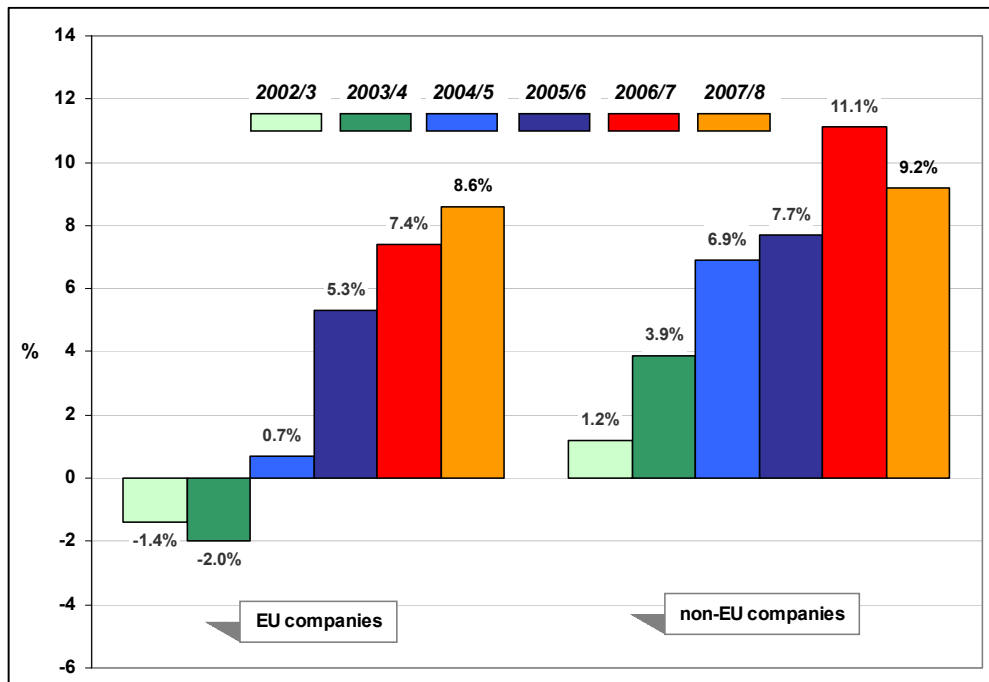
Figure 1. Growth of R&D investment in the Scoreboard



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

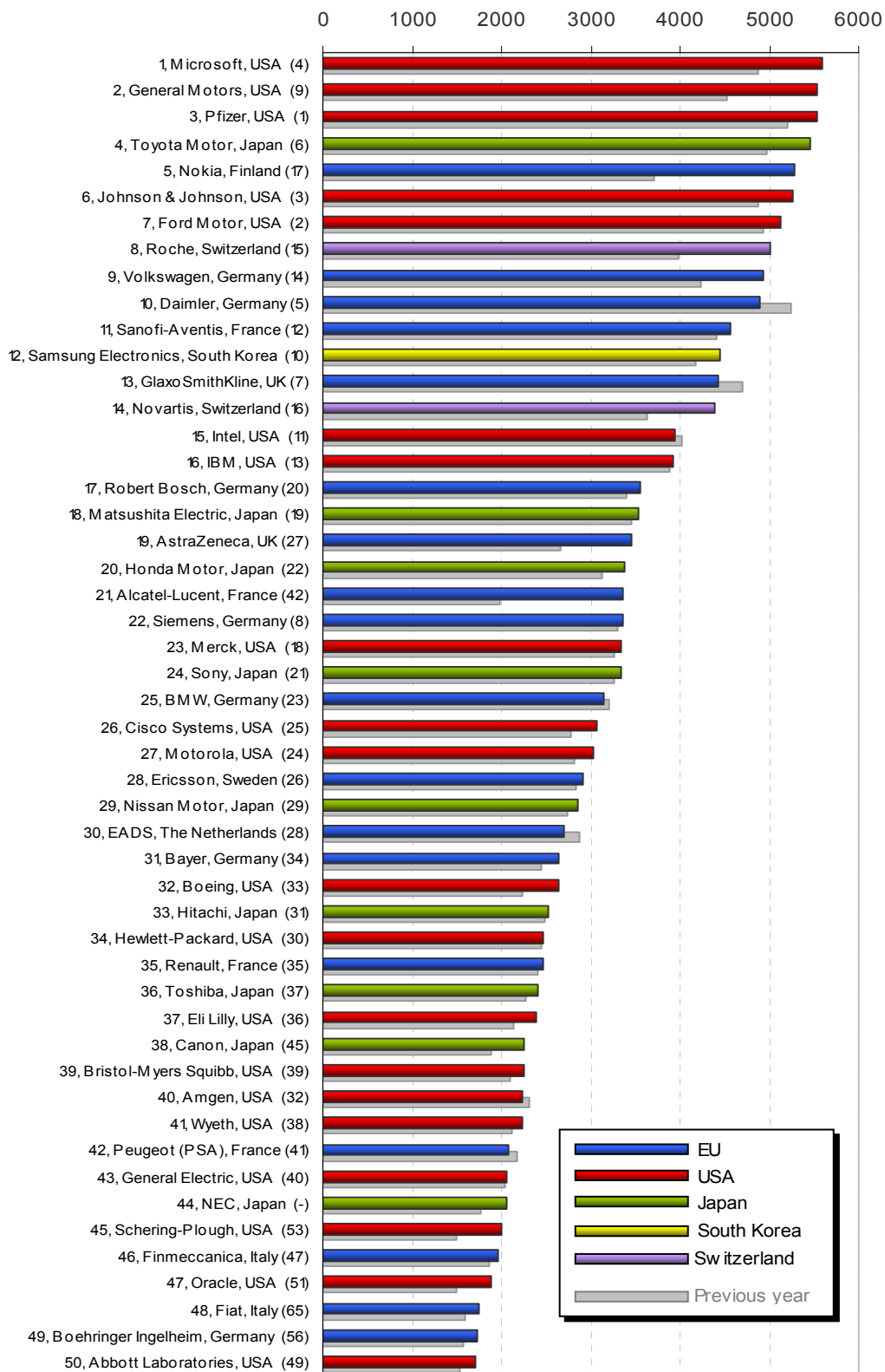
Note: For samples of comparable companies

Figure 2. Growth of R&D investment by EU and non-EU Scoreboard companies



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

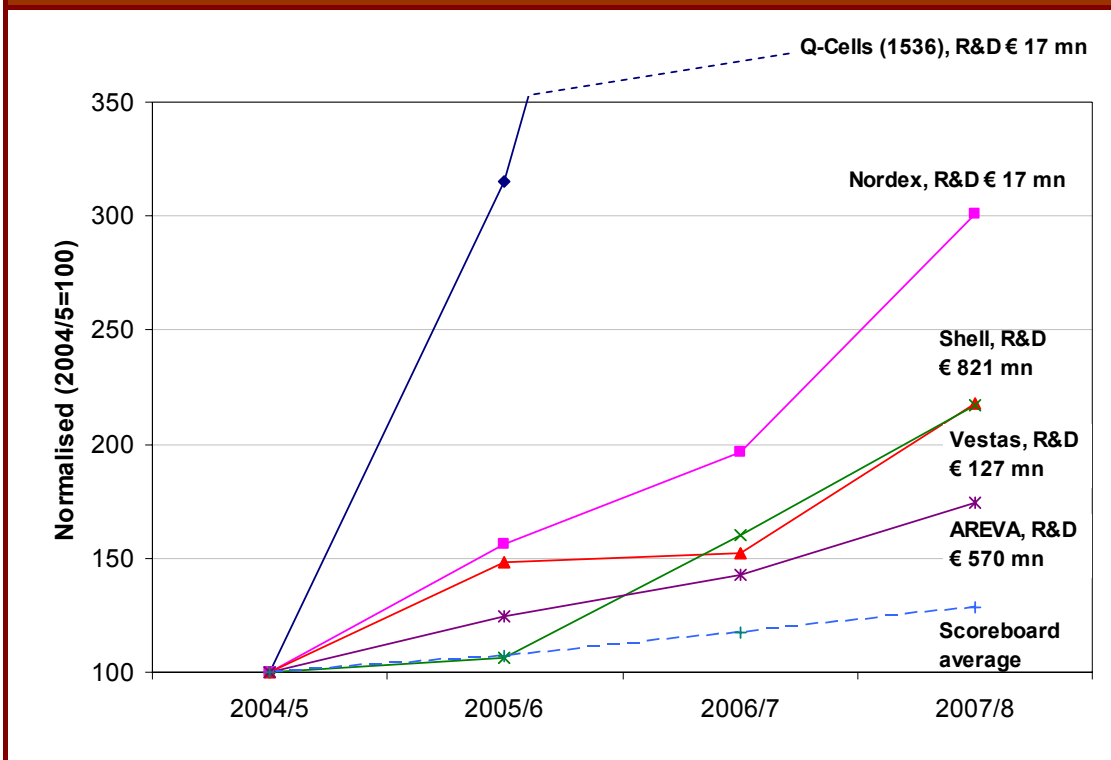
Figure 3. Ranking of the world top 50 R&D companies by their total R&D investment in the 2008 Scoreboard (€ million).



Note: The numbers in brackets after the names of the companies indicate their rankings in last year's Scoreboard.

Source: The 2008 EU Industrial R&D Investment Scoreboard.

Figure 4. R&D investment growth of some companies in the field of energy



Source: The EU Industrial R&D Investment Scoreboard 2008