

## BUSINESS R&D EXPENDITURES IN OECD COUNTRIES

It is widely acknowledged that economic growth is driven by the accumulation of knowledge-based factors of production such as human capital, R&D and innovation. Moreover such knowledge-based production factors determine a nation's long-term competitiveness in a global world. In this context the endogenous growth theory argues that technological advancement is well stimulated by the R&D activities and expenditures of firms. R&D enters the production process as a factor of production and is used in conjunction with other inputs.

According to OECD (2007), business expenditures in R&D (BERD) have recently been quite differently performed in its member countries.<sup>1</sup> Among the thirty members, Sweden, Finland, Japan, Korea, the United States and Germany were the countries with the highest GDP share of BERD in the period of 2001-2005 (see Figure 1). In particular the annual share was above 2.3 percent in Sweden, Finland and Japan in the entire investigated years, whereas the OECD-average slightly fluctuated in the narrow range between 1.49 (2004) and 1.57 percent (2001). Moreover, an increasing trend of the share was evi-

dent in Finland, Japan and Korea in the same period of time.

In comparison, Figure 2 shows the six OECD countries with the lowest GDP share of BERD – Poland, Mexico, Portugal, the Slovak Republic, Hungary and Spain. In general Poland and Mexico experienced the poorest R&D expenditure performance of firms between 2001 and 2005, although a strong improvement took place in Mexico in 2004 and 2005. It is to note that the Polish share reached 0.11 percent in 2002 compared to the Mexican share which amounted to 0.12 percent in 2001. Spain continued the increase in share from 0.48 to 0.61 percent in the same period. Yet it appears to be critical that, in spite of its rather low level, the GDP share of BERD continuously decreased in the Slovak Republic from 0.43 (2001) to 0.25 percent (2005).

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Figure 2

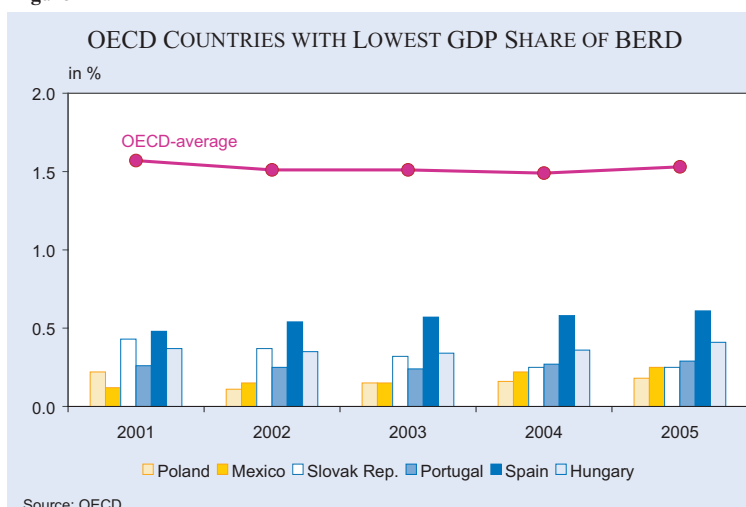
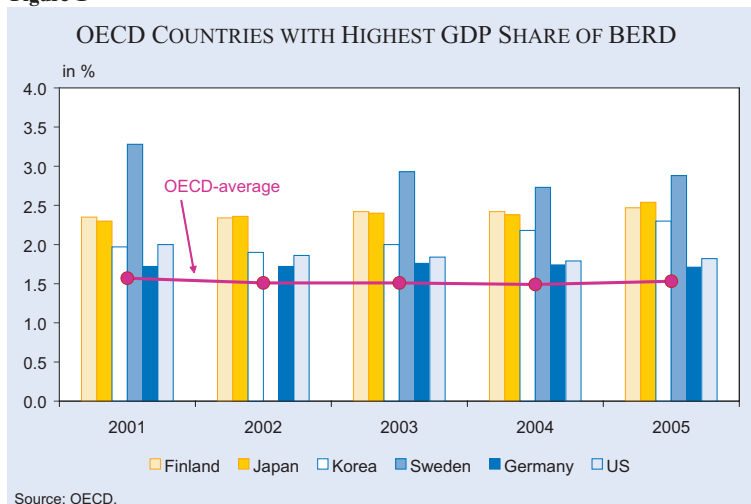


Figure 1



<sup>1</sup> Organisation for Economic Co-operation and Development (OECD), Main Science and Technology Indicators, 2007, Paris.