#### 1. RESPONDING TO THE ECONOMIC CRISIS

# 1.2. R&D in the economic crisis

Economies are slowly recovering from the most severe economic downturn since the Great Depression. To emerge from the downturn and put countries back on a path to sustainable growth, continuous innovation will be required. However, financing innovation becomes harder in economic downturns when both cash flows and investment funds are shrinking.

Official statistics on R&D are available only until 2007, but preliminary US stock markets data suggest that companies have significantly reduced their R&D investments in the aftermath of the crisis.

Domestic and foreign companies quoted in US stock markets report a reduction of 6.6% in their R&D expenditures in the first quarter of 2009, with a small increase in the subsequent quarter.

R&D in some information and communication technologies (ICTs) seems to be particularly affected. In the second quarter of 2009, the semiconductors industry and communications equipment and services registered a decrease in R&D of 12.9% and 11.3%, respectively, from the same period a year earlier. However, the decrease in R&D spending in computer manufacturing and computer services was less pronounced, at –5.9% in the first quarter of 2009 with a slight increase in the second quarter.

#### **R&D** in financial statements

All companies quoted in US stock markets must file quarterly and annual reports about their financial situation with the US Securities and Exchange Commission (SEC). Among other information, the quarterly income statement provides the company's latest expenditures on R&D.

The R&D statistics reported here refer to 2 079 companies from around the world, although most are based in the United States, which have reported R&D expenditures from the second quarter of 2007 to the second quarter of 2009. Although this set of companies is not representative of all companies, it provides timely insight into the effect of the economic crisis on R&D spending.

#### Source

OECD calculations, based on quarterly income statements to the SEC.

## Going further

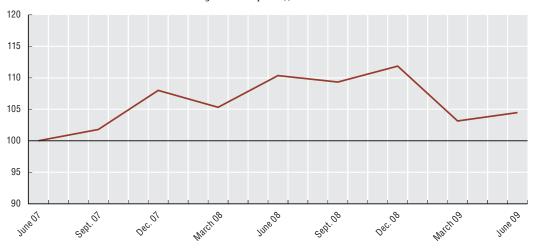
Securities and Exchange Commission (2008), 2008 Annual Report,

www.sec.gov/2008annual/index.htm.

### 1.2. R&D in the economic crisis

## Quarterly R&D expenses, all industries 2007-09

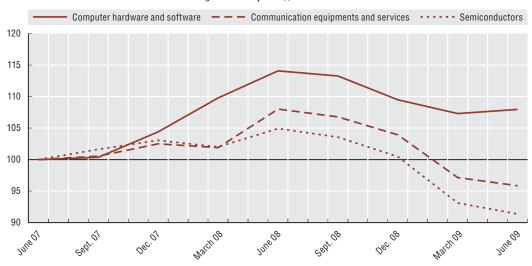
SEC-registered companies, June 1997 = 100



StatLink http://dx.doi.org/10.1787/741758558300

#### Quarterly R&D expenses, ICT industries, 2007-09

SEC-registered companies, June 1997 = 100



StatLink http://dx.doi.org/10.1787/741801610222



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