

Reversal of R&D expenditure

According to estimates by the German Federal Minister of Research and Education, Annette Schavan, Germany is on the right path towards the objective of spending three per cent of the country's gross domestic product on research and development (R&D) by the year 2010. This objective was set by the European Union.

"We will achieve our goal if industry as well as the federal and state governments increase their R&D expenditures," said Schavan commenting on the 2006 R&D expenditures of the German economy which the Stifterverband für die Deutsche Wissenschaft presented in Berlin on 31st January 2008. The Minister added, "The figures show that we were clearly able to reverse the trend of stagnant R&D expenditure, as we did in 2006."

According to information provided by the Stifterverband, R&D expenditure in Germany rose in 2006 by 7.4 per cent compared to 2005 (from 48.4 billion euros to 52.0 billion euros), after many years of stagnation. "The economy has made excellent progress," said Schavan adding that, "the companies have to maintain this speed, or ideally, increase this growth rate." According to internal calculations by the Federal Ministry of Education and Research (BMBF), the federal and state governments and economy together reached an R&D rate of 2.57 per cent of the gross domestic product in 2006, compared to 2.48 per cent in 2005. In contrast to the Stifterverband, the BMBF also takes into account the increasing state expenditure in 2006.

Six-billion-euro programme of the German government

In future, the German government will also spend more on research and development. The government's expenditures are rising constantly through the six-billion-euro programme investment programme to be carried out by the government on R&D during the current legislation period. In addition, the federal budget will be allocating a further 220 million euros. Minister Schavan: "With this money, the federal government hopes to play a significant role in reaching an overall R&D rate of 2.7 per cent.

According to a study conducted by the Centre for European Economic Research (ZEW) in Mannheim on behalf of the Federal Ministry of Education and Research (BMBF), the innovation climate in Germany has improved considerably. According to this study, German companies increased their expenditure for innovations by more than 6 per cent in 2006 (115.5 million euros), which includes pure R&D expenditures as well as money the companies require to reach market maturation and market introduction. In addition, new products have become increasingly important for the companies' turnover: the proportion of new products increased from 18 to 19 per cent in 2006. "This positive development is an excellent basis for future economic growth," said Schavan, explaining that the growing importance of new products also reflects well with regard to the excellent position of German companies in the global marketplace.

"The trend shown by the report also shows that we are on the right track with our high-tech strategy," said Schavan. The German government's high-tech strategy focuses on improving the implementation and commercialization of research results. According to the Minister, the report indicates the considerable dynamics of the economy: "The appreciation of innovation has increased considerably," added Schavan.

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