

VW tops global Research and Development ranking, but EU companies put in mixed performance

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For the first time since 2004, an EU company – the German carmaker Volkswagen – is the world's largest private sector R&D investor. Volkswagen tops the European Commission's 2013 EU Industrial R&D Investment Scoreboard with an investment of €9.5bn in 2012. Overall, EU-based firms (527 companies) stepped up R&D investment by 6.3%, just above the average of the 2000 firms in the Scoreboard (+6.2%). However, like last year they lagged behind their US counterparts (+8.2%). EU companies also showed a mixed performance depending on the sector, with strong R&D growth in some but stagnation or decline elsewhere. EU Scoreboard companies surveyed expect to increase their R&D investments by 2.6 % on average per year for the period 2013-2015, a fall in expectations over the previous year.

Máire Geoghegan-Quinn, Commissioner for Research, Innovation and Science said: "The EU still lags behind its main competitors in business [investment](#) in R&D, and there are some worrying signs in these latest reports. Despite the positive results of top EU companies in important industrial sectors such as automobiles, we are still too weak in high tech sectors such as biotechnology and software."

The 6.2% increase on average in R&D growth of the Scoreboard companies came despite a slowdown of net sales growth (+4.2% vs +9.9% in 2011) and a 10.1% decline in operating profits in 2012. The EU's overall positive results were largely driven by the R&D growth

rates of German companies, particularly in the automobile sector.

Second place in the ranking goes to Samsung Electronics from South Korea with an investment of €8.3bn. Other companies in the top-10 include five based in the US (Microsoft, Intel, Merck, Johnson & Johnson and Pfizer), two in Switzerland (Roche and Novartis) and one in Japan (Toyota).

EU based companies in the Automobiles & Parts sector showed strong R&D growth (+14.4% vs -2.6% for their US counterparts). EU companies also outperformed US ones in Industrial Engineering (+12.3% vs +9.4%) and Aerospace & Defence (+9.5% vs -1.3%). Results of EU companies in the ICT sector were mixed, with Software and Computer Services performing well (+14.2%) but showing a decline in IT Hardware (-2.3%). In contrast, US-based companies performed well across both sectors (+12.6% and +14.8% respectively).

An analysis of trends over the last 10 years shows that the US continue to increase its specialisation in R&D intensive sectors such as ICT and health (70% share of the total R&D investments made by US Scoreboard companies in 2012 vs 64 % in 2004).

Despite the strong US lead in these highly R&D intensive sectors, a closer look at the lower ranks of the EU companies shows a significant number of good performers in sectors such as Software and Biotech, companies which might become leaders in the future.

More information: iri.jrc.ec.europa.eu/reports.htm

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