

The expenditures on R&D were raised by investments in the oil industry

According to Statistics Estonia, in 2010 the ratio of research and development (R&D) expenditures to the gross domestic product reached a novel level – 1.63%, a year earlier the respective indicator was 1.43%. The improved result was significantly influenced by investments in the technological development made in the oil industry.

The peculiarity of a small country statistics lies in the fact that the change in the activities even of one enterprise can significantly influence some statistical indicator. In the case of Estonia it has previously happened with the high-tech export or innovation expenditure figures. Substantial investments in the technological development were made in 2010 in our oil industry and as a result the total R&D expenditure for Estonia compared to the previous year increased by **18%** and that of the enterprise sector even by 32%. The good news is that when taking not into account the mentioned investments the R&D expenditure of enterprise sector nevertheless increased by 5.5%. The bad news is that one can possibly predict a certain drop for R&D expenditure in 2011 as there took place one-time effort.

The event was accompanied with remarkable change in the structure of R&D expenditure and financing. For the first time the enterprise sector R&D expenditure surpassed that of the non-profit institutional sectors making up 50.2% from the total of 232.8 billion euro. The share of enterprises in financing of the R&D expenditure became nearly equal to that of government (enterprises – 43.6%, government – 44.1%, foreign sources – 11.4%). Those structural changes brought Estonia nearer to developed industrial countries. It is worth mentioning here that the EU supports received through the mediation of the state budget are classified as supports received from the state.

Obviously the government finances first of all the non-profit sectors for which the government share reached 77% in 2010. In the case of the enterprise sector the share was only 11% and the lion share of those finances account for the support to micro- and small enterprises given by Enterprise Estonia. The growth of the enterprise sector government-financed R&D expenditure from the 9.7 million euro in 2009 to 13 million euro in 2010 gives hint on the government strategy.

The enterprise sector substantially differs from non-profit sectors by the mean age of researchers – it was 40 years in 2010 but that for latter ones 46 years. To some extent the youth preference is explained by the difference in the labour costs per annual R&D work-unit. For enterprises it increased from 24,000 euro in 2009 to 26,800 euro in 2010, for non-profit sectors the rise was from 15,400 euro to 17,200 euro. So, nearly one and a half time difference remained fixed.

R&D in the enterprise sector by persons employed, 2010

Number of persons employed	Number of enterprises performing R&D	T&A expenditure, million euro	Share of government financing, %
0–9	142	11.8	27.1
10–49	89	24.6	14.6
50–249	73	44.4	13.9
250+	29	36.0	0.1
Total	332	116.8	11.1

The number of microenterprises shown in table is estimation as the non-supported young enterprises of the knowledge-intensive activities are covered using random sample. The real number of enterprises is better specified by the fact that 90% of the enterprise sector R&D expenditure in 2010 was spent by only 95 enterprises. Two thirds of them were located in Tallinn, one sixth in Tartu.

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For further information:

Aavo Heinlo

Principal Analyst

Annual Statistics of Entrepreneurship

Service

Statistics Estonia

Tel +372 625 9217

More detailed data have been published in the Statistical Database (General data of R&D http://www.stat.ee/sdb-update?db_update_id=8547 and R&D in business enterprise sector http://www.stat.ee/sdb-update?db_update_id=8546).