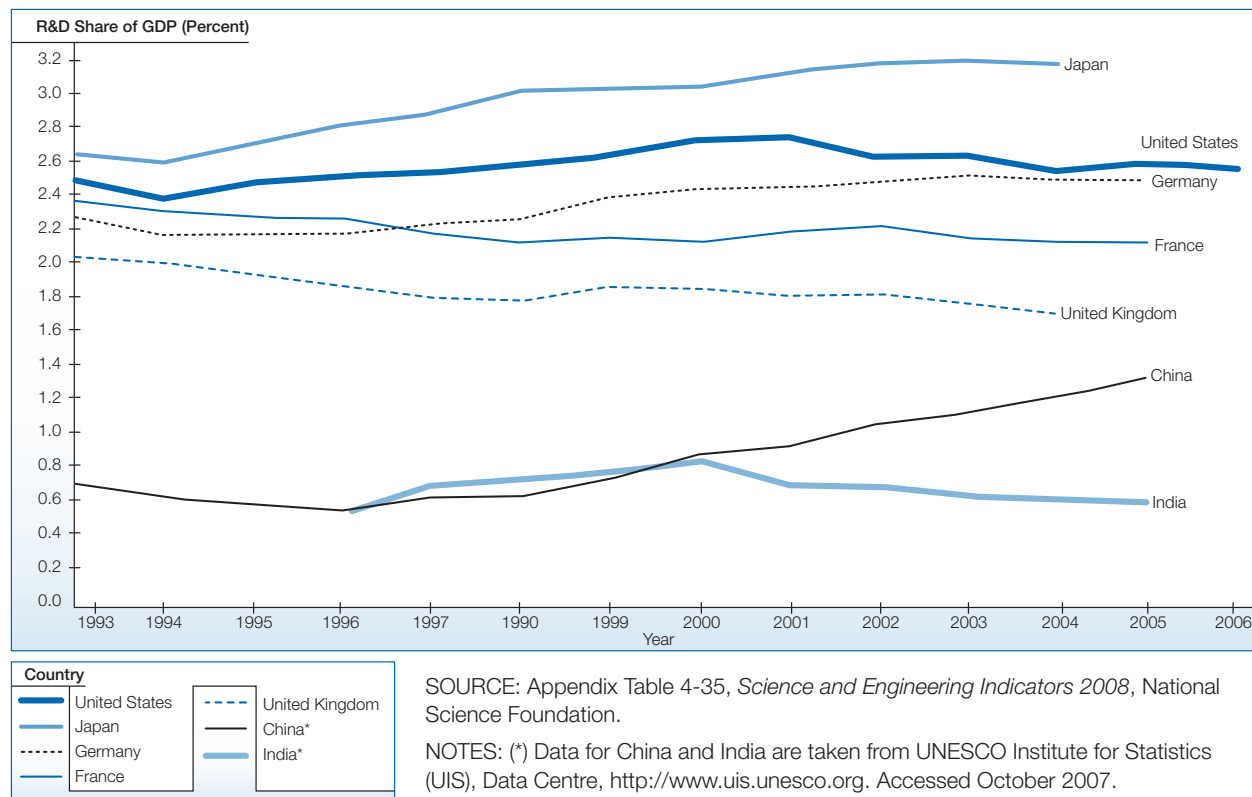


The United States had the second largest R&D/GDP ratio among the G7 countries, spending about 2.6% of GDP on R&D activities in 2006.

Figure 17. R&D share of GDP, by selected country: 1993-2006



Why is this indicator important?

- The ratio of R&D expenditures to GDP is often used to examine R&D as a proportion of a nation's overall economic activity.
- This ratio is a useful indicator of the "intensity" of R&D activity in relation to other economic activities and can be used to gauge a nation's commitment to R&D at different points in time.

Key Observations

- Rate of growth for Germany increased by 0.33 from 1994 to 2005, while the United States increased by 0.20 during that same period.
- Since 2000, Japan continues to lead while China demonstrates the biggest growth.

Related Discussion

- The general growth in the U.S. R&D/GDP ratio since 1979 can be attributed to a steady increase in non-Federal R&D spending.
- Growth in the R&D/GDP ratio does not necessarily imply increased R&D expenditures. For an extended discussion on the R&D/GDP ratio see *SEI 2008* Chapter 4.
- In absolute terms, this indicator can mask significant R&D activity for countries with relatively large economies (e.g., China).