

TABLE OF CONTENTS

Highlights	7
A.1. Investment in knowledge	16
A.2. Trends in domestic R&D expenditure	18
A.3. R&D financing and performance	20
A.4.1. Business R&D	22
A.4.2. Business R&D by industry	24
A.4.3. R&D in selected ICT industries and ict patents.....	26
A.4.4. Business R&D by size classes of firms	28
A.5. R&D performed by the higher education and government sectors.....	30
A.6.1. Biotechnology R&D, venture capital and patents	32
A.6.2. Health-related R&D.....	34
A.6.3. Basic research.....	36
A.6.4. Defence R&D in government budgets.....	38
A.6.5. Space R&D and innovation.....	40
A.6.6. Tax treatment of R&D	42
A.6.7. Nanotechnology.....	44
A.7. Venture capital	46
A.8.1. Human resources	48
A.8.2. Flows of university graduates.....	50
A.8.3. Employment of tertiary-level graduates.....	52
A.9.1. Human resources in science and technology.....	54
A.9.2. Researchers	56
A.10.1. International mobility of human capital	58
A.10.2. International mobility of PhD students	60
A.11.1. Patent applications to the European Patent Office.....	62
A.11.2. Patent families	64
A.12.1. R&D in non-OECD economies	66
A.12.2. Patenting in non-OECD economies.....	68
A.12.3. Human resources in non-OECD economies.....	70
A.13. Scientific publications.....	72
B.1. Investment in ICT equipment and software.....	74
B.2. Occupations and skills in the information economy.....	76
B.3.1. Telecommunication networks	78
B.3.2. Internet infrastructure	80
B.4.1. Internet subscribers and number of secure servers	82
B.4.2. ICT access by households.....	84
B.4.3. Use of the Internet by individuals.....	86
B.4.4. Internet access and use by enterprise size and industry.....	88
B.4.5. Internet and electronic commerce by size of enterprise	90
B.4.6. Internet and electronic commerce by activity of enterprise.....	92

B.5. The price of Internet access and use	94
B.6.1. Size and growth of the ICT sector.....	96
B.6.2. Contribution of the ICT sector to employment	98
B.7. Contribution of the ICT sector to international trade.....	100
C.1. Trends in international trade and investment flows	102
C.2.1. International trade	104
C.2.2. Exposure to international trade competition	106
C.2.3. Intra-firm trade in total trade.....	108
C.2.4. Import content of exports	110
C.3.1. Foreign direct investment flows.....	112
C.3.2. Cross-border mergers and acquisitions	114
C.4.1. Activity of affiliates under foreign control in manufacturing.....	116
C.4.2. Activity of affiliates under foreign control in services	118
C.4.3. The contribution of multinationals to value added and labour productivity	120
C.5.1. Internationalisation of manufacturing R&D.....	122
C.5.2. Cross-border ownership of inventions	124
C.5.3. International co-operation in science and technology.....	126
C.5.4. Technology balance of payments	128
D.1. Differences in income and productivity.....	130
D.2. Income and productivity levels in the OECD area, 1950-2002	132
D.3. Labour productivity growth	134
D.4. Growth accounting for OECD countries.....	136
D.5. Labour productivity growth by industry.....	138
D.6. Technology- and knowledge-intensive industries.....	140
D.7. The structure of OECD economies.....	142
D.8. Services sector value-added embodied in manufactured goods.....	145
D.9.1. International trade by technological intensity	147
D.9.2. Trade in high- and medium-high-technology industries	148
D.9.3. Revealed comparative advantage by technological intensity	150
D.10. Entry, exit and survival of firms	152
<i>Annex I.</i> Classification of Manufacturing Industries Based on Technology.....	155
<i>Annex II.</i> Main OECD Databases Used	159
Statistical Annex	163