DEVELOPMENT OF A PPI FOR R&D

25th Voorburg Group Meeting in Vienna 2010
Agenda

- Price index for what R&D?
- R&D classification
- Index recipe
- NA requests
- Summary
Price index for what R&D?

- **Sector approach:**
  - NACE rev. 1, 72: 9 bill. € in 2007 (market production)

- **Product approach:**
  - Stifterverband: 43 bill. € in 2007 (production expenses)

→ product approach more general, sector approach good representative?

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R&D classification

- Current NACE classification:
  - Scientific R&D (8.3 bill. €)
    - R&D on biotechnology
    - Other R&D on natural sciences and engineering
  - R&D on social sciences and humanities (0.6 bill. €)
    - R&D on social sciences and humanities

- Main R&D producers in Germany
  - Manufacture of transport equipment (15.6 bill. €)
  - Manufacture of electrical, optical equipment (8.2 bill. €)
  - Chemical industry (6.5 bill. €)

Classification too broad?

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R&D classification (2)

- Frascati definition
  - Basic research (4.9%)
  - Applied research (48.5%)
  - Experimental development (46.7%)
Index recipe

- What is the production process?
- Definition of R&D production classes
- Defining R&D products, characteristics…
- Quality change?
NA requests

- Price index for sector R&D
- Price indices for all NACE sectors producing R&D
  - Satellite account for R&D

→ PPI should be 'multifunctional'
Summary

- **Product approach preferrable**
  - Problem: R&D register for survey difficult to obtain

- **Pre-Survey:**
  - What is the production process?
  - Definition of R&D production classes
  - Defining R&D products, characteristics...
  - Quality change?

- **Utilization issues**
  - Aggregation to NACE classes R&D?
Thank you!