

## **W(h)ither R&D in the SNA?**

*Erich Oltmanns (Federal Statistical Office, Germany), Klaus Heine (University of Rotterdam)*

Paper Abstract:

One of the main issues of introducing the SNA 2008 was the treatment of research and development (R&D) as gross fixed capital formation instead of intermediate consumption.

In the first part of this paper several issues concerning the concept of R&D as capital formation in the SNA 2008 (and ESA 2010) are discussed:

- The calculation of market production of R&D and its impact on GDP
- The calculation of foreign trade with R&D services
- The service life of R&D assets
- The property of R&D as a produced asset?

The central motivations of this discussion are the resulting impact on GDP and further improvements for the treatment of R&D.

The treatment of R&D as GFCF in the national accounts is based on several guidelines: the SNA 2008 itself, but also the “Handbook on Deriving Capital Measures of Intellectual Property Products” of the OECD. In Europe the guidelines are described more specifically in the ESA 2010 and the “Manual on measuring Research and Development in ESA 2010”, both published by EUROSTAT.

In the case of Europe, the ESA 2010 is a compulsory regulation for the member states of the European Union. Other guidelines have at least characteristics of legal statements. But All these guidelines are the outcome of the bargaining between different stakeholders (especially statistical offices as data producers and different kind of data users industry, statistical offices, professional associations etc.) and a subsequent political decision making. Therefore, these guidelines can be discussed under two aspects: Firstly, the interpretation of these guidelines depends largely on the underlying legal and administrative system, especially whether a country belongs to the system of common law or civil law. Secondly, the process of producing these guidelines can be regarded as a subject of the field of political economy, where the political results are traced back to the power of interest groups law and economics.

In the second part of the paper it is discussed, what this does mean for the application of guidelines. The discussion is illustrated by the current treatment of R&D and some proposals are made to improve the way of decision making for future guidelines on national accounts.