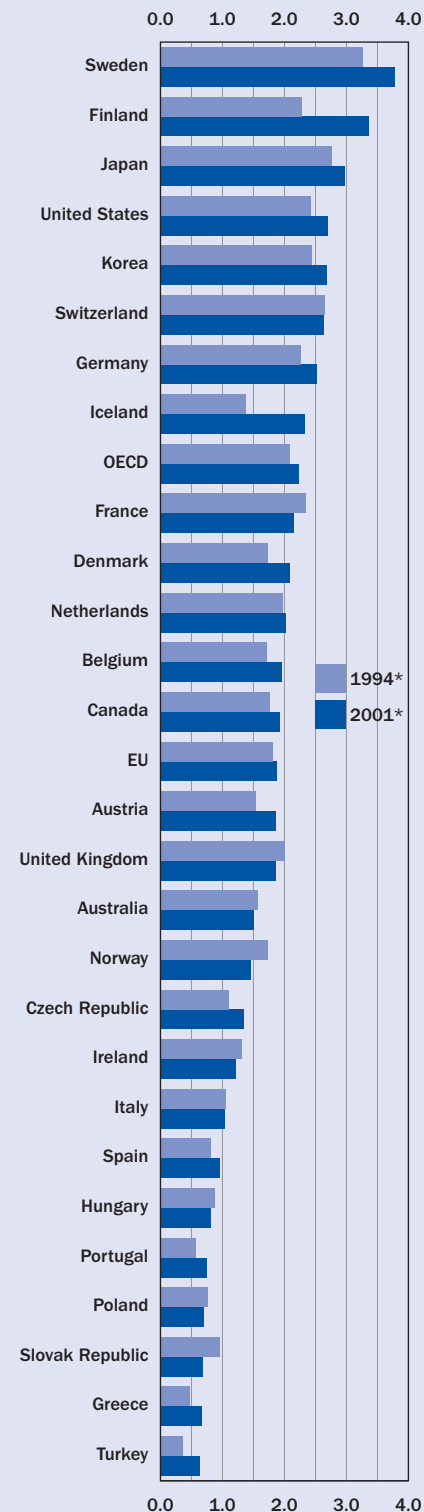


Gross Domestic Expenditure on R&D (GERD) as % of GDP



Note: Or nearest available year.
 Source: *OECD Science, Technology and Industry Outlook 2002*, OECD, Paris, 2002.

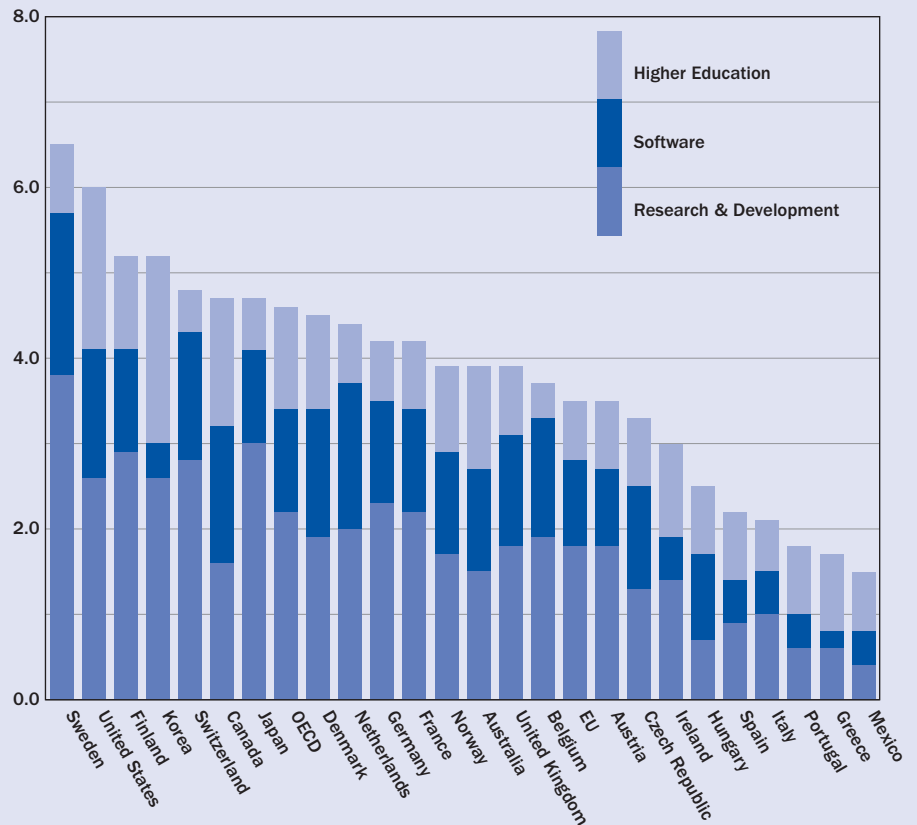
Knowledge: Worth the Investment?

Despite the economic slowdown that spread across the OECD area in 2001, investment in and exploitation of knowledge remain key drives of innovation, economic performance and social well-being. Over the last decade, investments in knowledge – as measured by expenditures on R&D, higher education, and information and communication technologies (ICTs) – grew more rapidly than total investment. Admittedly, the pace and depth of this transition has varied considerably. For most OECD countries, notably the United States, the United Kingdom and the Netherlands, software was the major source of increased investment in knowledge during the past decade.

After stagnating in the first part of the 1990s, OECD-wide R&D investment grew in real terms from \$416 billion to \$552 billion between 1994 and 2000. But the gap separating Europe from the United States and Japan is widening, with an R&D intensity of 1.9% in 2000 for the European Union compared to 2.7% in the United States and almost 3.0% in Japan. Growth in R&D expenditures during the 1990s resulted almost exclusively from increases in industry-finances, which grew by more than 50% in real terms between 1990 and 2000. Government-funded R&D grew by only 8.3% during this period.

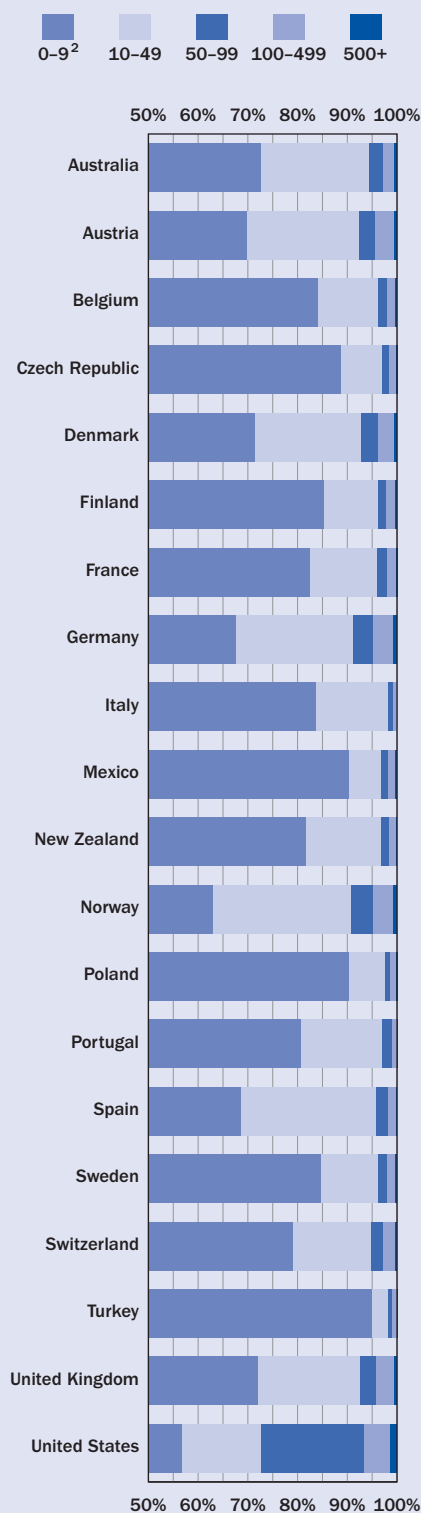
OECD, Paris (2002) *OECD Science, Technology and Industry Outlook 2002*, ISBN: 9264-19844-X, \$73.00

Investment in Knowledge (% of GDP, 1998)



Source: *OECD Science, Technology and Industry Outlook 2002*, OECD, Paris, 2002.

Distribution of Enterprises in the Economy (by number of employees, 1999¹)



Notes: 1. Or nearest year. 2. 1-9 for Norway, Germany, Spain, Denmark, Australia, Switzerland, New Zealand, Sweden, Czech Republic and Poland.
Source: OECD Small and Medium Enterprise Outlook, OECD, Paris, 2002.

What is the role of SMEs?

SMEs, small and medium-sized enterprises, are generally considered to be non-subsidary, independent firms that employ fewer than a given number of employees (500 employees in the United States, 250 in the European Union). These firms represent over 95% of enterprises in most OECD countries, and generate over half of private sector employment. In the United States, SMEs generated 90% of new businesses during the 1990s and account for nearly 40% of total economic activity. Today, most governments apply an array of policies and programs to promote entrepreneurship and boost development of SMEs. These programs generally aim to alleviate the difficulties SMEs experience in areas such as financing, technology and innovation, e-commerce, management and internationalization.

OECD, Paris (2002) *OECD Small and Medium Enterprise Outlook*, ISBN: 9264-19955-1, \$59.00

The Euro Area

Basic Statistics, 2001

Land & People	Euro Area	United States	Japan
Area (thousand square km)	2,495	9,373	378
Population (million, in 2000)	302.0	275.4	126.9
Number of inhabitants per square km	121	29	336
Population growth (annual average % rate) ¹	0.2	0.9	0.3
Labor force (million)	140.0	141.8	67.5
Unemployment rate (%)	8.0	4.8	5.0
Activity			
GDP (billion US\$) ²	6,087.5	10,143.2	4,146.8
Per capita GDP (US\$) ³	24,273	35,619	25,968
In % of GDP:			
Gross fixed capital formation	21.0	19.9	25.8
Exports of goods and services (in 2000)	19.4	10.8	11.1
Imports of goods and services (in 2000)	19.3	14.6	9.6
Public Finances (% of GDP)			
General government:			
Revenue	43.8	30.9	29.8
Expenditure	45.1	30.4	36.9
Balance	-1.3	0.5	-7.1
Gross public debt (end-year)	71.9	59.5	132.8

Notes: 1. 1993-2000. 2. Current prices and exchange rates. 3. Current prices and PPPs, in 2000.
Source: OECD Economic Surveys: Euro Area 2002, OECD, Paris, 2002.

The euro area is trying to recover from an economic slowdown. Spurred by the rebound of the US economy and a growth-supportive policy stance, the OECD expects the recovery to gain momentum in the course of this year. This fiscal retrenchment needed to respect the Stability and Growth Pact commitments, as well as a possible further hike in oil prices, might stem the recovery, but greater strength of the US economy than currently projected may be an offsetting force. The OECD projects monetary policy to move towards a tighter stance only when the indications of higher inflationary pressures over the medium term are firmer. The fiscal policy framework has passed its first "stress test" reasonably well, but countries where divergence from targets occurred should follow through on their commitments.

OECD, Paris (2002) *OECD Economic Surveys: Euro area*, ISBN: 9264-19158-5, \$34.00

A closer look at ICT

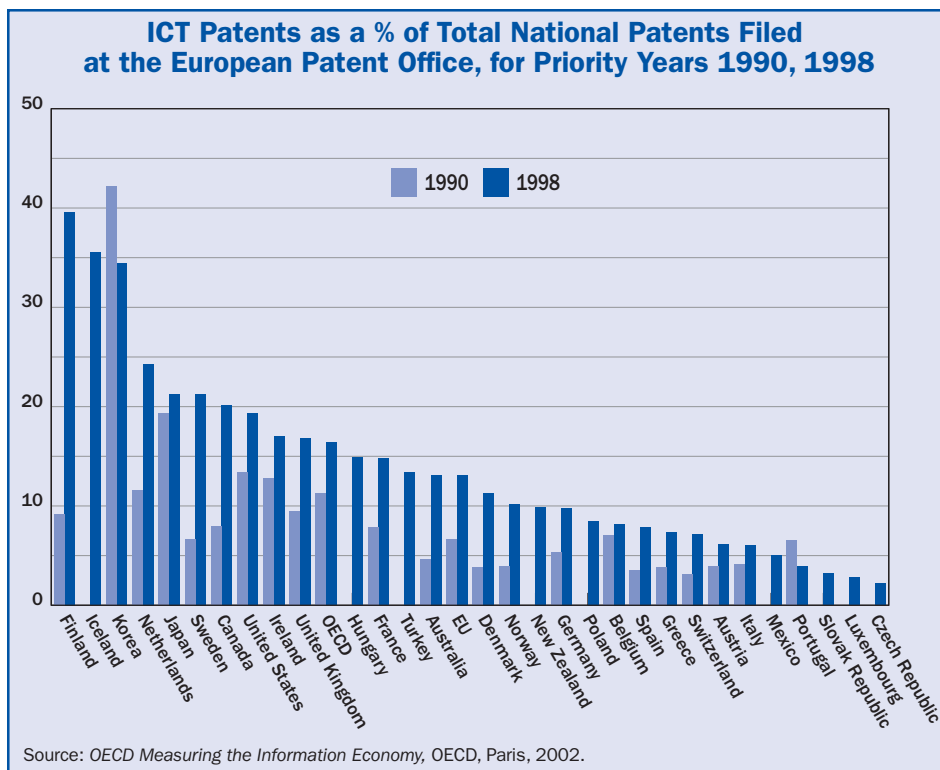
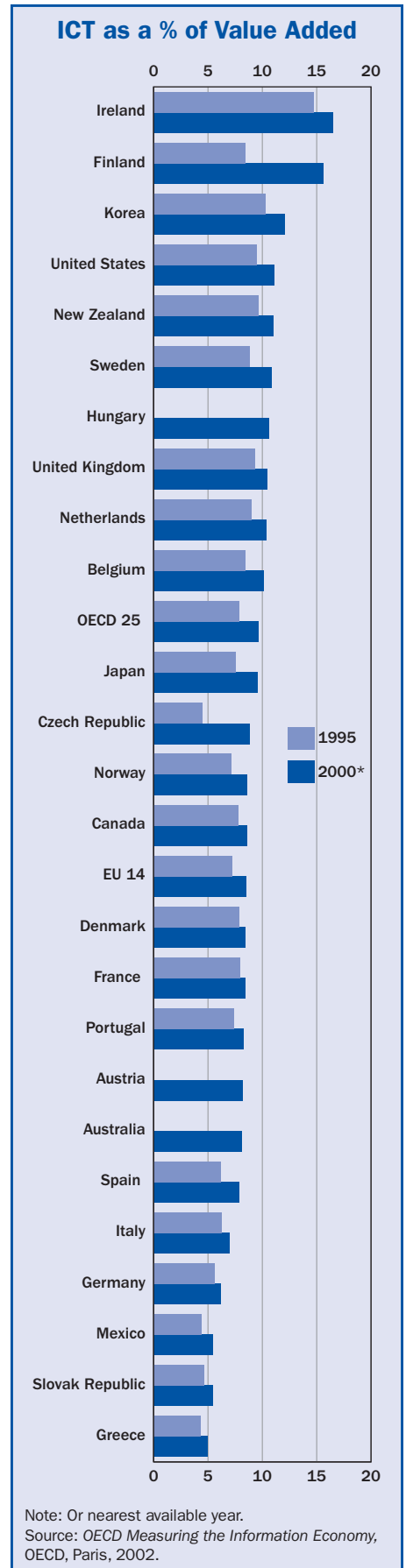
What is the size and growth of the information and communication technologies (ICT) sector and its contribution to economic performance? Are OECD countries embracing the information economy? Do businesses and individuals use new technologies, for what purpose, or why don't they? What is the volume of electronic commerce and what are the barriers to its take-off? These are just some of the questions, a new OECD publication, *Measuring the Information Economy* tackles.

The importance of the ICT sector within OECD economies has been growing over the 1990s. Rapid growth is especially apparent in northern European countries. In 2000, ICT value added represented between 5% and 16.5% of total business sector value added and the average share in the OECD (25 countries) was about 9.7%, with the European Union at 8.5% and the United States at 11%. On average, however, the ICT sector still accounts for a relatively small share of OECD business-sector GDP.

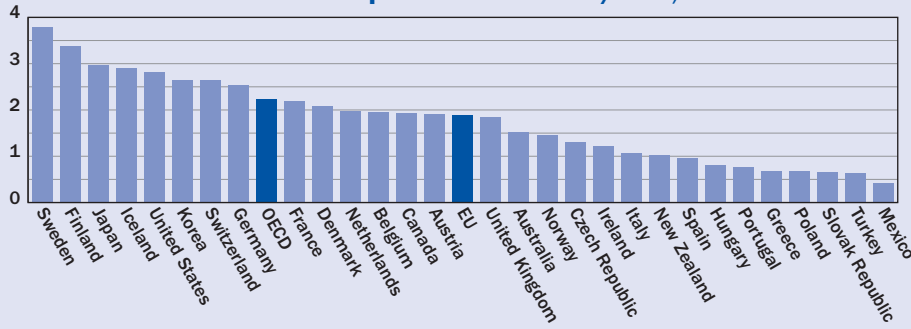
Patent-based statistics show that during the 1990s, ICT patents grew at 10% in the OECD area, double the rate of total patent applications. Over the 1990s, ICT patents increased much more rapidly in the European Union and the United States than in Japan.

These are just two examples of the over 80 indicators — based on the most up-to-date official statistics — presented in this publication. This volume provides a comprehensive international comparison of countries' performance in the information economy. New indicators address emerging policy issues: international differences in the quality and price of the ICT infrastructure, diffusion of Internet technologies in larger and smaller firms, relative size of cross-border electronic transactions and barriers to Internet commerce.

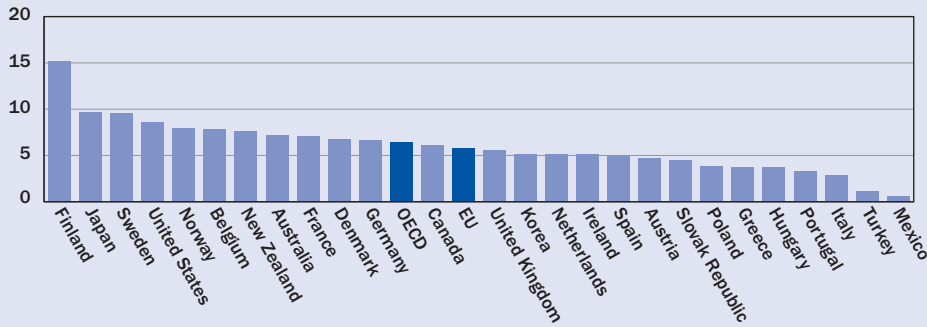
This publication and the underlying data are available free of charge at: www.oecd.org/sti/measuring-infoeconomy



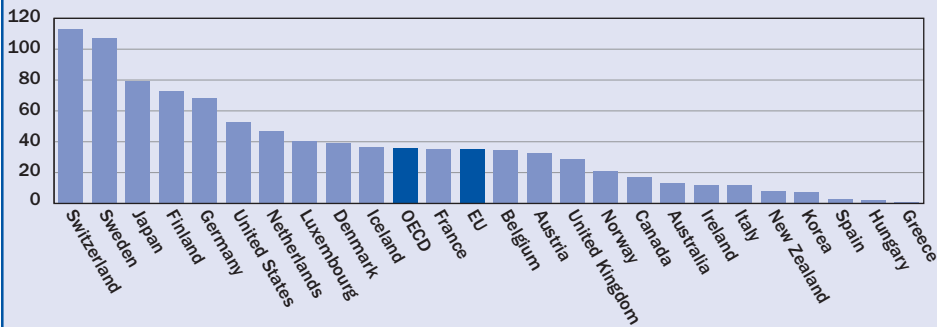
Gross Domestic Expenditure on R&D/GDP, 2000*



Reseachers/Thousand Employed, 2000*



Patent Families/Million Population, 1998*



Note: Or nearest available year.

Source: Main Science and Technology Indicators 2002/2, OECD, Paris, 2002.



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