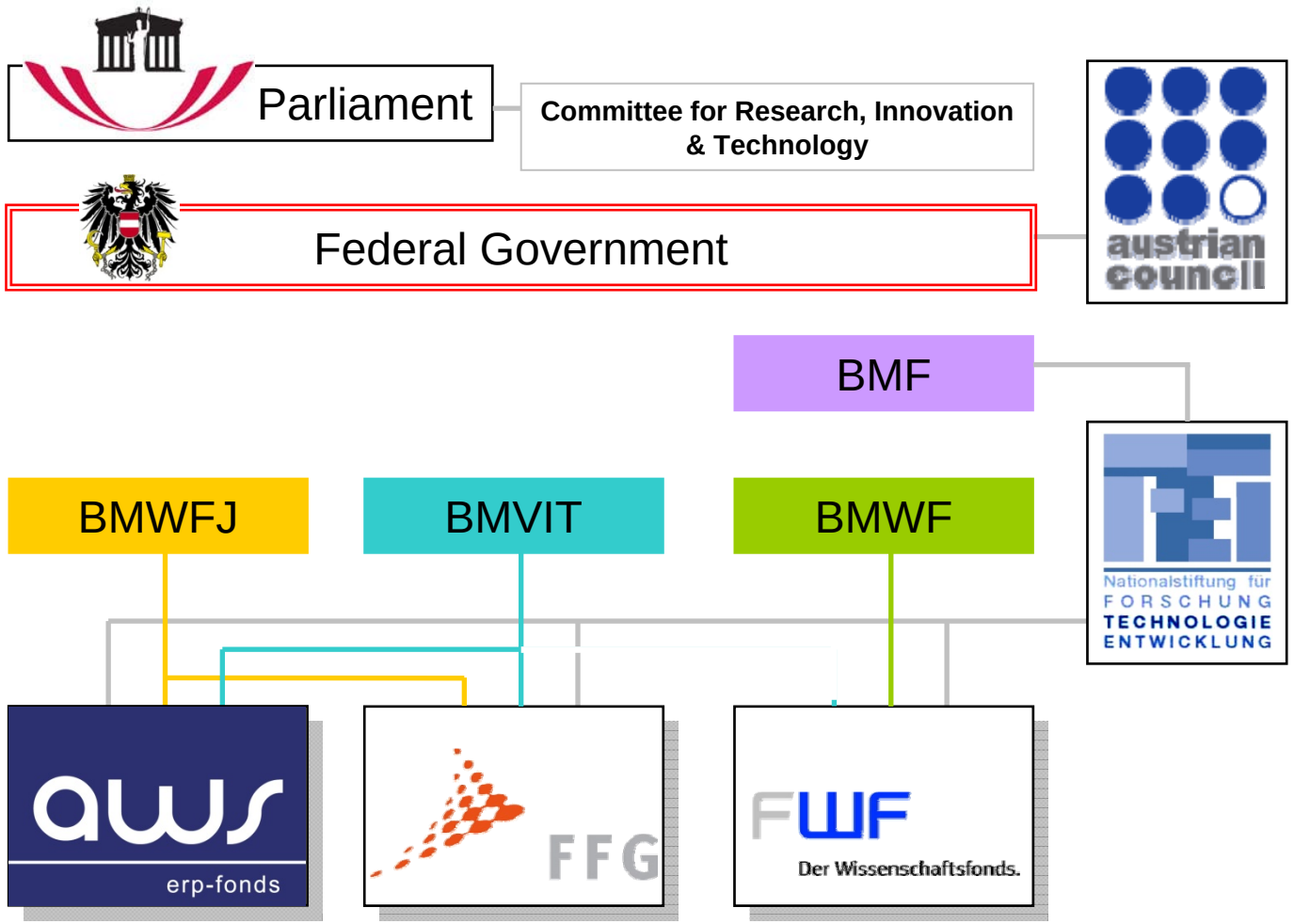
Alpbach 2010
Forschung Austria Workshop

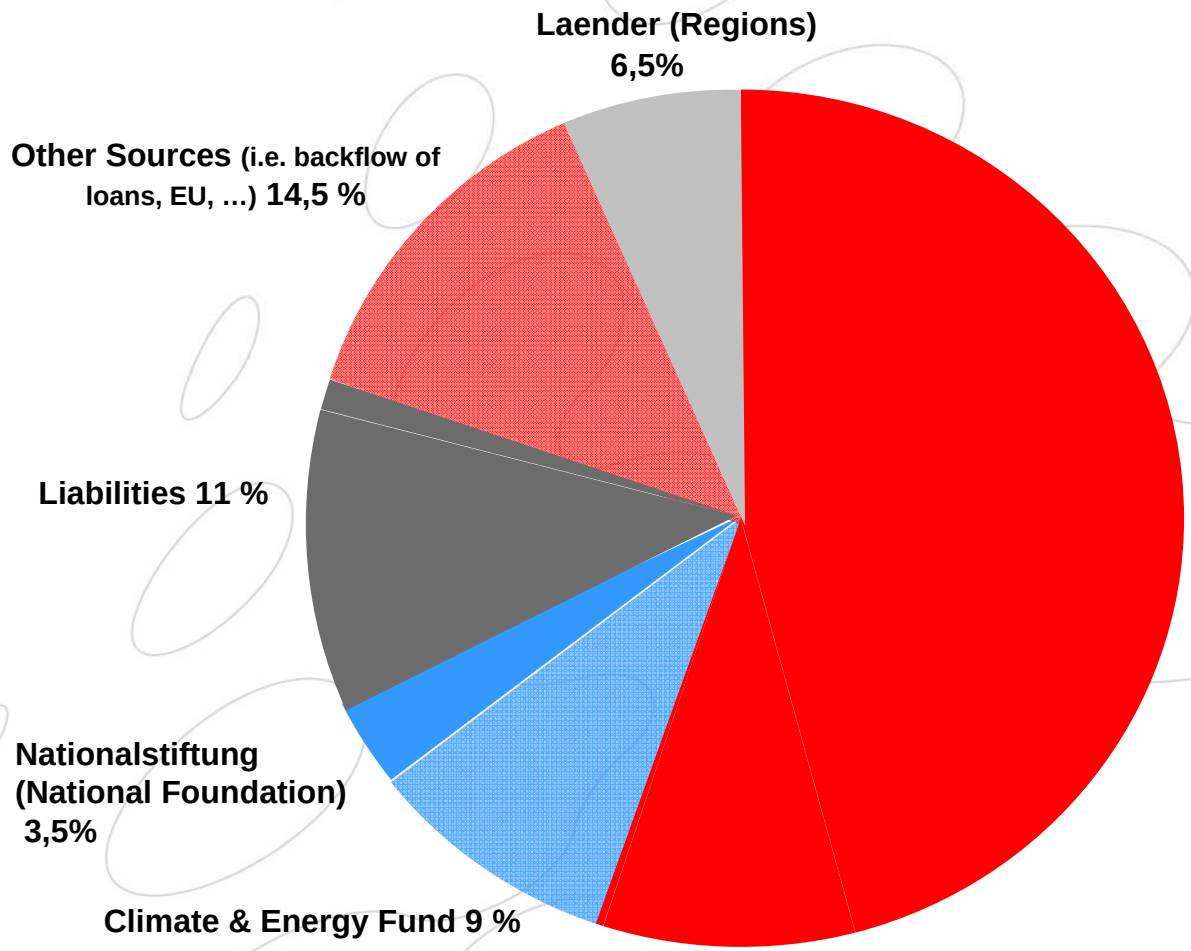
Austrian Research Promotion Agency
Klaus Pseiner, CEO

R&D Promotion in Austria – at a glance



Budget of FFG: Broad Financing Base

Source of Funding in 2009



Total Amount:
535 Mio. €

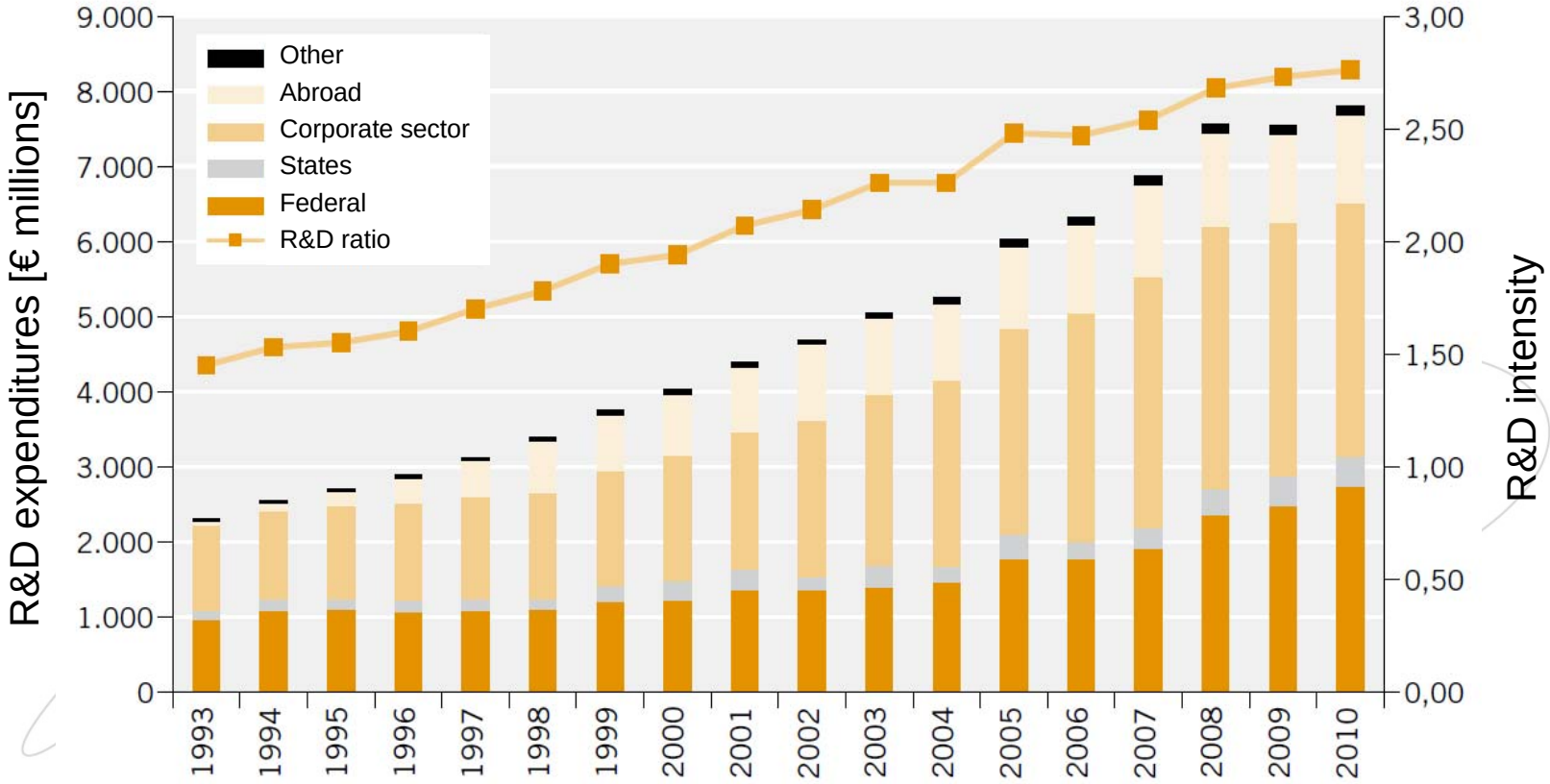
Source: FFG Statistics 2009

AUSTRIA: the nine questions & answers

1. General situation in R&D: Benchmark & data
2. R&D funding – the past & the future
3. Major thematic strongholds
4. Business R&D
5. R&D priorities
6. Funding instruments to upgrade the R&D system
7. Funding for foreign institutes
8. Tax incentive scheme
9. Major information & data source

1. General situation in R&D: Benchmark & Data

– R&D in Austria by source of funding



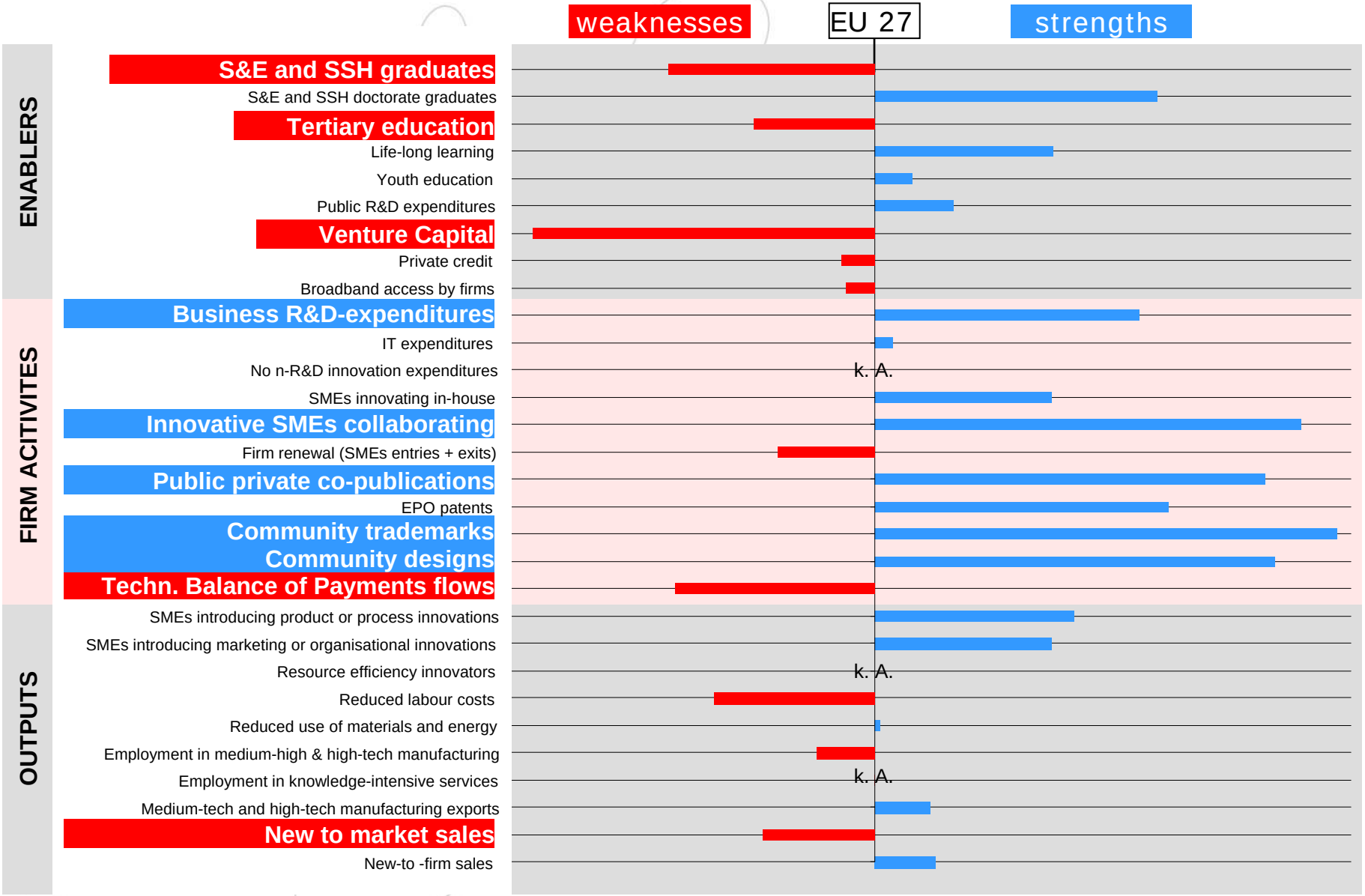
Source: Statistik Austria, global Estimate 2010
Austrian Research & Technology Report 2010

1. General situation in R&D: Benchmark & Data– where do we stand in 2010?

- Total R&D expenditure increased by 3.4 % compared to 2009
  → *crisis-induced decline in R&D in the previous years was made up!*
- In absolute terms, 2010 is likely to set a new high mark in R&D spending
- Change in the financing structure of R&D expenditure during the crisis
  → *public financing will increase by almost 11 %; corporate sector will stagnate; financing from abroad will decrease*
  → *R&D financing by industry in 2010 will still be below the level of 2008*
- Austrian ranking in the European Scoreboard remains unchanged: We lead the group of „Innovation Followers“ (6th place)
  → *Austrian strengths = the corporate sector*
  → *Austrian weakness = human resources (especially among graduates in technology and science)*

(Source: Austrian Research and Technology Report 2010)

1. General situation in R&D - Strengths and weaknesses of the Austrian innovation system according to CIS (2009)



2. R&D funding in Austria – the past & the future

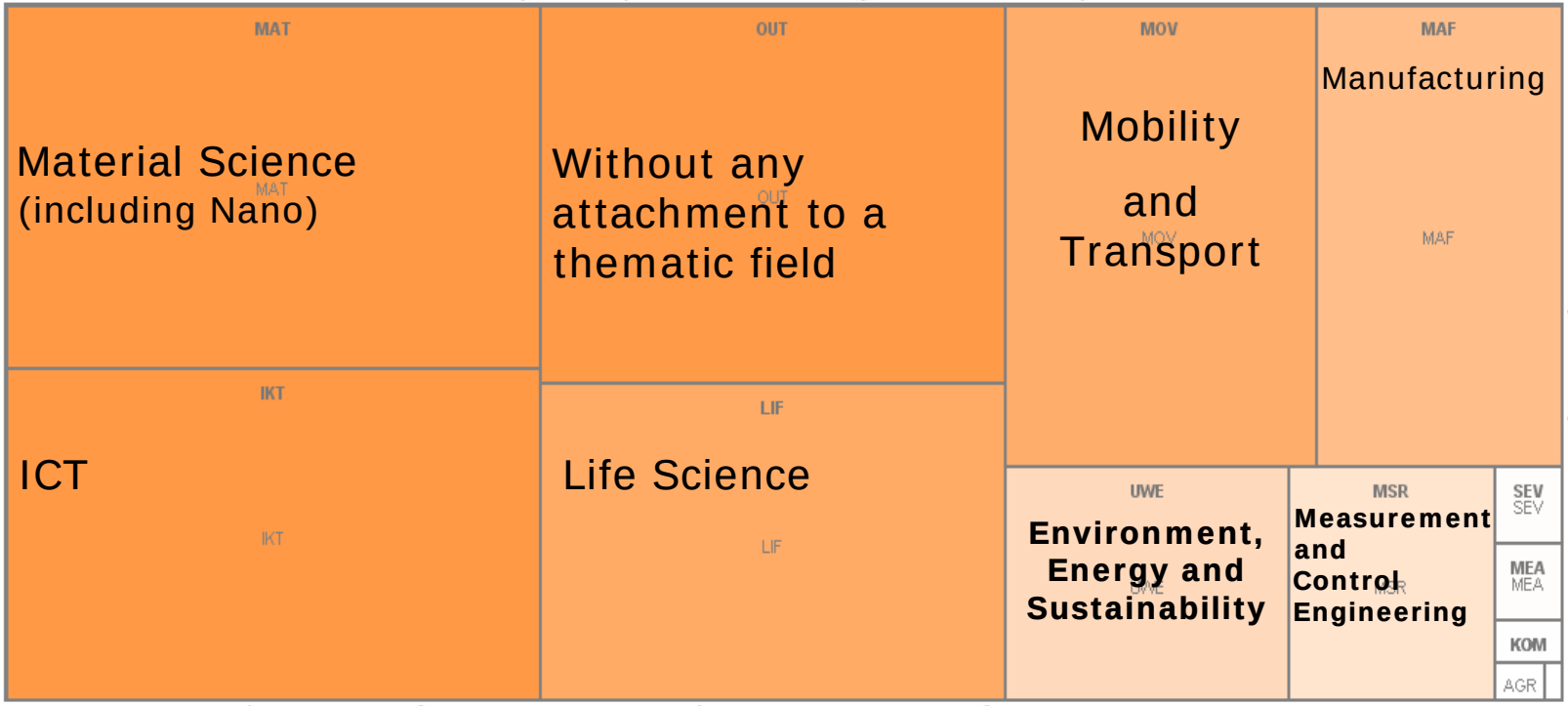
Trends of the past 10 years:

1. Debate on Excellence in R&D (Competence Centres)
2. Cooperation between industry and academia
3. Increase in volume of R&D promotion

Fears and apprehensions for the next 5 years:

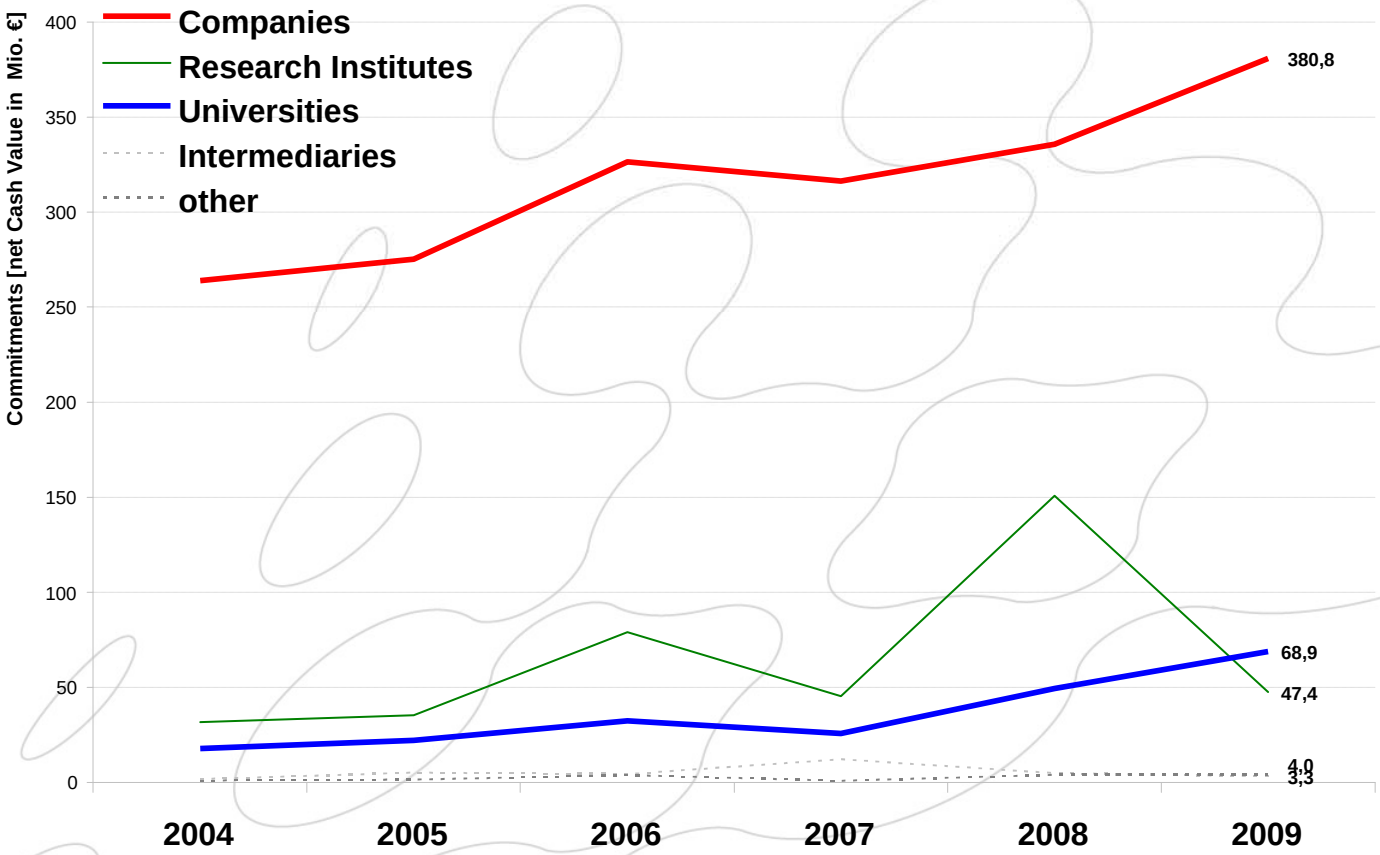
1. Expansion phase might be at an end
2. No increase in corporate financing – moreover, industry spending might even further decrease
3. No substantial increase in public R&D financing

3. Major thematic strongholds – FFG promotion according to thematic fields (2004 to 2007)



The size of each individual thematic section corresponds with the amount of funding

4. Business R&D – FFG funding to companies and universities

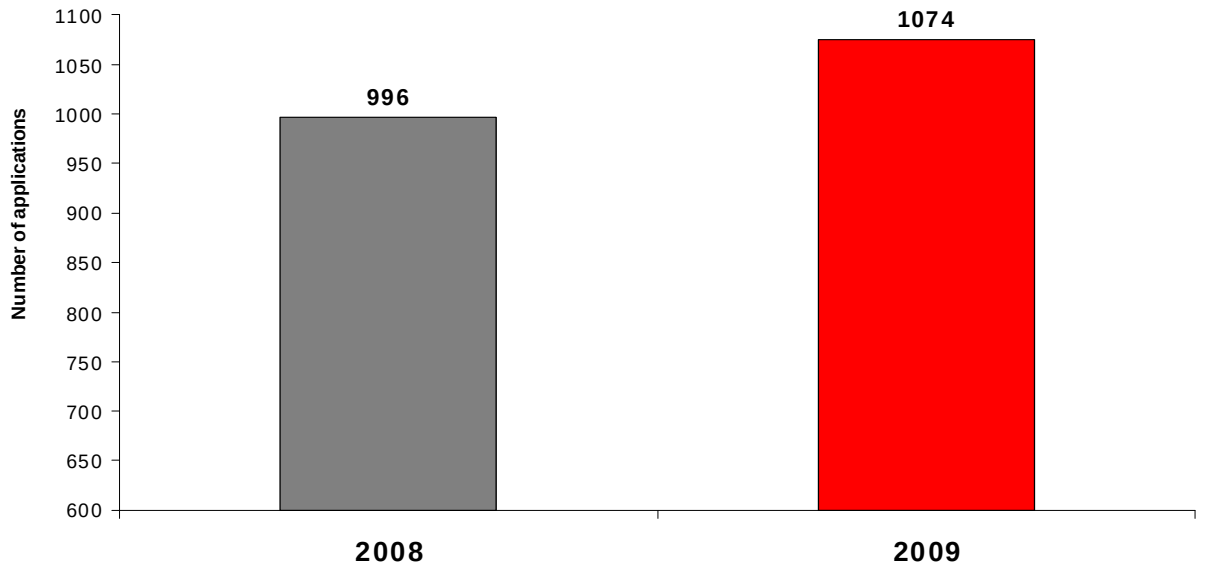


Source: FFG Statistics 2009

4. Business R&D – FFG R&D promotion acts countercyclical!

- Austrian companies could maintain their level of R&D investment throughout the crises
- The number of bottom up applications to FFG General Programmes has raised (the strongest rise = applications by SMEs)

Applications to General Programmes (cumulative per 31.12.2009)



4. Business R&D – Who are the major industrial R&D companies?

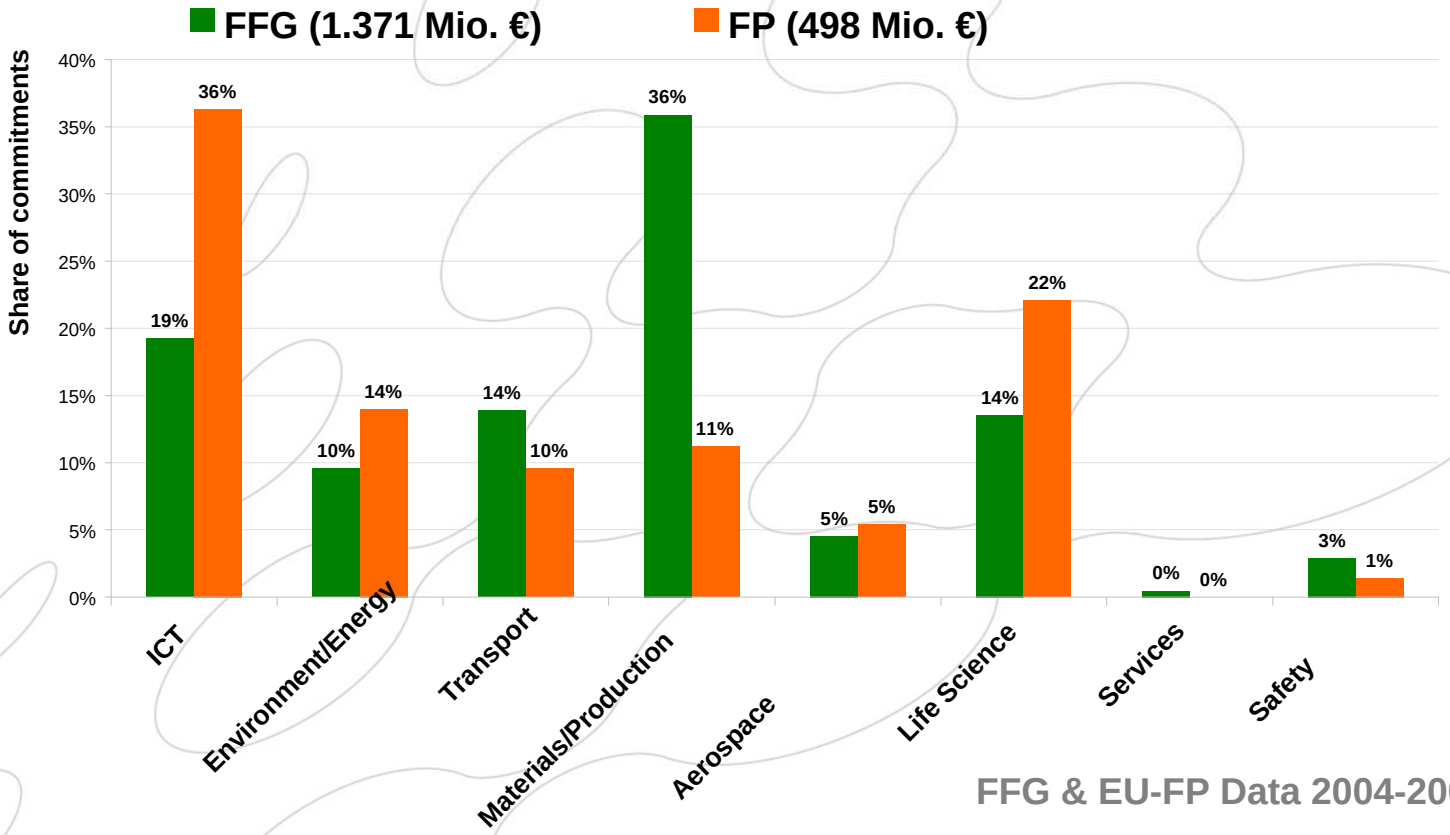
Company	Industry	R&D (in Mio.)	R&D Intensity	Turn over (2005) in Mio.
Siemens Gruppe	electronics, plant engineering	727	15,8	4600
Infineon Technologies Austria	electronic semi-conductor	181	19,7	920
Novomomatic	gamling machines	110	10	1100
Philips Austria	electronics, plant engineering	96	8,7	1100
Sandoz	pharmaceutical	90	8,2	1100
AVL List	automotive, technology	77	15	510
Boehringer Ingelheim Austria	pharma	51	18,2	280
Kapsch	telecom, transport	34	10	340
SEZ	engineering	30	15	200
Fronius	welding technology	18	9	200

Source: Joanneum Research

5. R&D priorities in Austria

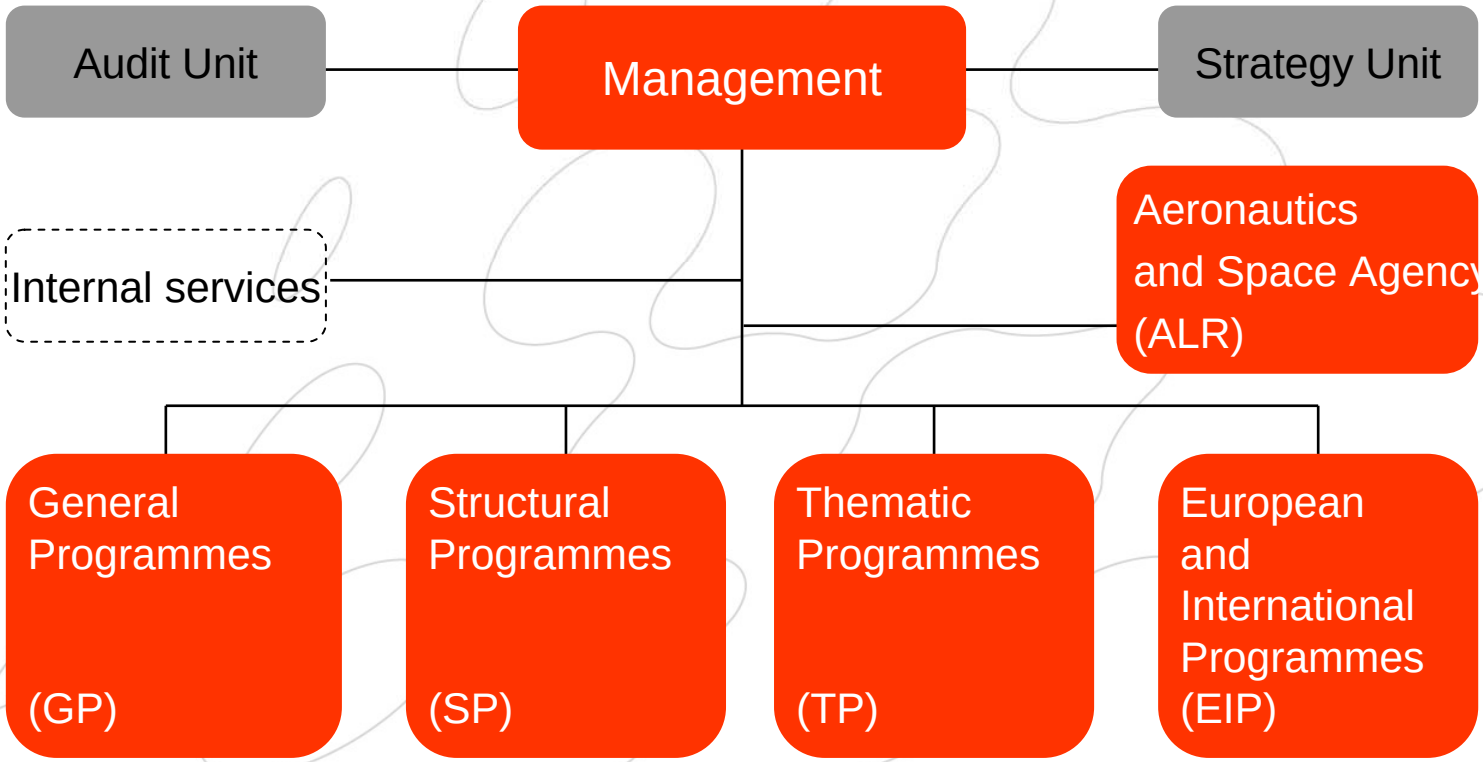
Identified priorities: **Energy / Mobility / Smart Production / ICT**

National and EU-funding – present R&D funding priorities:



FFG & EU-FP Data 2004-2009

6. Funding instruments to upgrade the R&D system – FFG portfolio



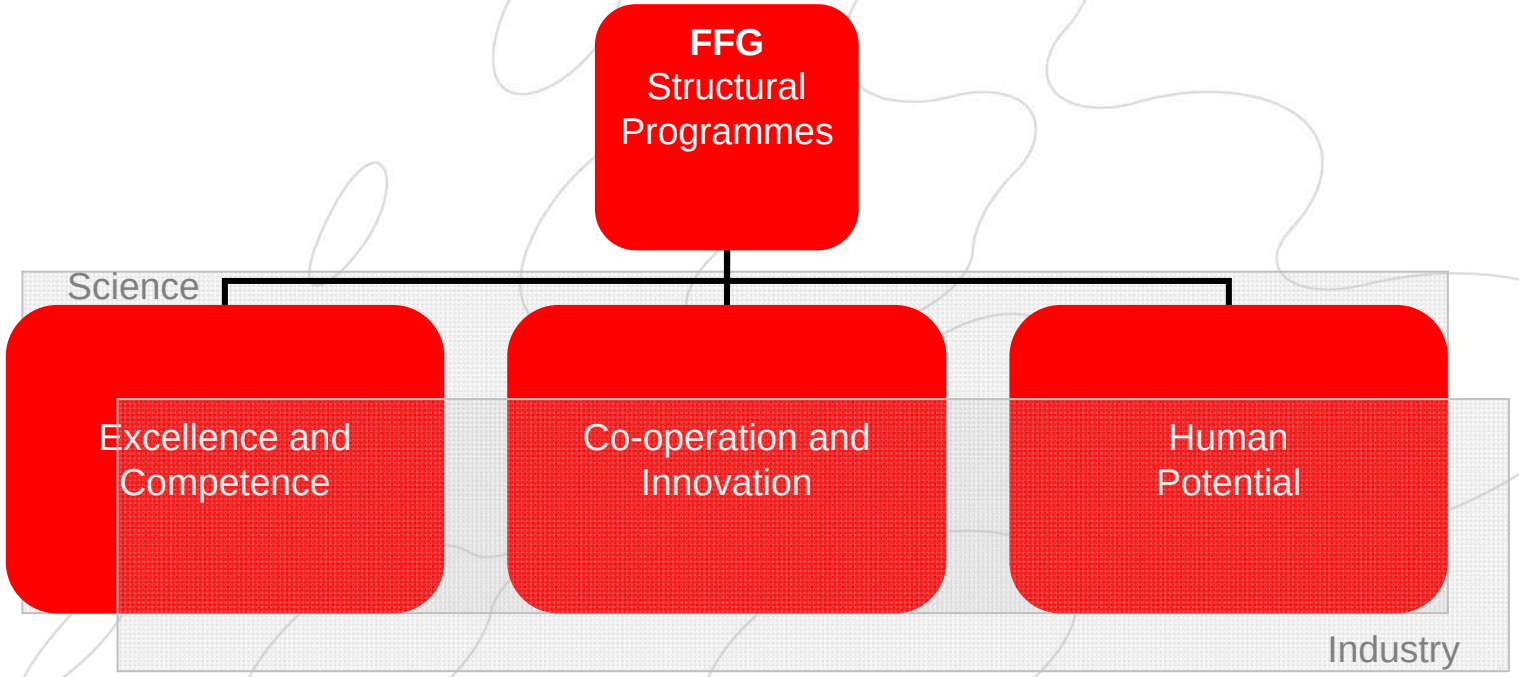
6. Funding instruments – General Programmes

Objective : Strengthen the technological competitiveness of companies + broaden the innovation base (attracting newcomers)

Funding model is based on: In-house project assessment + open call + bottom-up (now thematic focus)

Programmes and Initiatives	SMEs	Large scale enterprise
Innovation Voucher	x	
BRIDGE (Programme)	x	x
General application-oriented research funding	x	x
(HighTech) Start up Funding	x	
Feasibility Studies	x	
Headquarter Strategy	x	x
Young Experts (preperation for diplomas)	x	
Collective Research	x	x
Service Innovations	x	x
Financing of international projects within the funding schemes EFRE, EUREKA, Eurostars, ERA NET and EU preparatory funding	x	(x)

6. Funding instruments – Structural Programmes



6. Funding instruments – Thematic Programmes

Programmes

- FIT-IT – Information technologies
- At:net – Austrian Electronic Network
- BENEFIT – New technologies for elderly people
- Intelligent transport systems and services (IV2S)
- New Energies 2020
- International Energy Agency (IEA)
- House of the Future plus
- Electromobility's Technical Beacons
- NANO Initiative – nano sciences and nano technologies
- KIRAS – Safety research
- TAKE OFF – the Austrian aeronautics programme
- GEN-AU – Genome research

6. Funding instruments – European and International Programmes

Objectives

- Support of Austrian researchers in industry and science with a view to **promoting participation** in the European Research Framework Programme, EUREKA,CIP, etc.

Tasks

- National competence and service centre for European and international R&D programmes and initiatives
- Professional **information** and **counselling** on all programmes by competent **national contact points**
- Establishment of **contacts with international R&D networks**
- **Monitoring** of Austrian participation in EU Framework Programme

6. Funding instruments – Aeronautics and Space Agency

Objectives

- International positioning and networking of Austrian industry, economy, science
- Securing Austria‘s competitiveness at the international level
- Implementation of Austrian aeronautics and space policy

Tasks

- Central contact point for coordination of activities
- Representing Austria in EU bodies, ESA, EUMETSAT
- Management of participation in bilateral and international aerospace programmes, management of the Austrian space programme
- Sustainable development and strengthening of the Austrian aeronautics and space cluster

7. Funding for foreign institutes

Can foreign institutes also participate in your programmes? Can they receive funding?

→Yes, they can – although these cases are not very often

Foreign institutes can get direct financing in some programmes:

COMET (Competence Centre Programme)

COIN (Cooperation and Innovation)

Some of the thematic programmes (quite rare cases)

Foreign institutes can act as subcontractors – for example in General Programmes (Innovation Voucher, Feasibility Studies, other kind of projects)

8. Tax incentive scheme – Present Structure of Tax Incentive Schemes for R&D

Instruments	Intensity	Net Cash Value	R&D Definition
Allowance (old)	25 %	6,25 %	Invention useful to the economy
Allowance (old) – incremental increase	35 %	8,75 %	
Allowance (new)	25 %	6,25 %	Frascati-based
R&D Tax Credit	8 %	8 %	
Allowance (new) for Contract R&D	25 % Subject to a cap at 100.000,--	6,25 %	
R&D Tax Credit for Contract R&D	8% Subject to a cap at 100.000,--	8 %	

8. Tax incentive scheme – Number of cases & actual costs

	Frascati Allowance	Allowance for the inventions useful to the economy	R&D Tax Credit („research award“)
2001		439	
2002		743	
2003	147	934	305
2004	409	830	758
2005	560	1.013	1.131
2006	664	924	1.710
2007	657	724	2.243
2008	612	712	2.575
2009	554	502	2.976
2010	50		342
The costs (in Mio. Euro):	**117**	**587**	**1.232**

8. Tax incentive scheme – currently discussed reform proposals

1. Plans to substantially raise the R&D Tax Credit („research award“) –from 8 to 12 %. The range of rise is currently under discussion

2. The rise of the R&D Tax Credit should be accompanied by an improvement in its administration, assessment and control

   - Given the long-standing experience in the area of promotion of R&D projects (technical and economic expertise) – FFG would make a good partner for the Austrian tax authorities and for the Austrian industry in implementing the tax incentive instruments

   - *Examples from “sister agencies”: NL Agency and RCN administer the tax incentive schemes in the NL and in Norway respectively)*

9. Major information & data source

- Austrian Research and Technology Report (annual basis)
- Statistic Austria
  - R&D Census (Survey; biannual basis)
  - Global appraisal (annual basis; statistical estimate)
- FFG-own statistical materials (elaborated data basis)

FFG

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09. September 2010, Vienna

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