

Research and development in Canadian industry: Flash estimates, 2019 (actual), 2020 (preliminary) and 2021 (intentions)

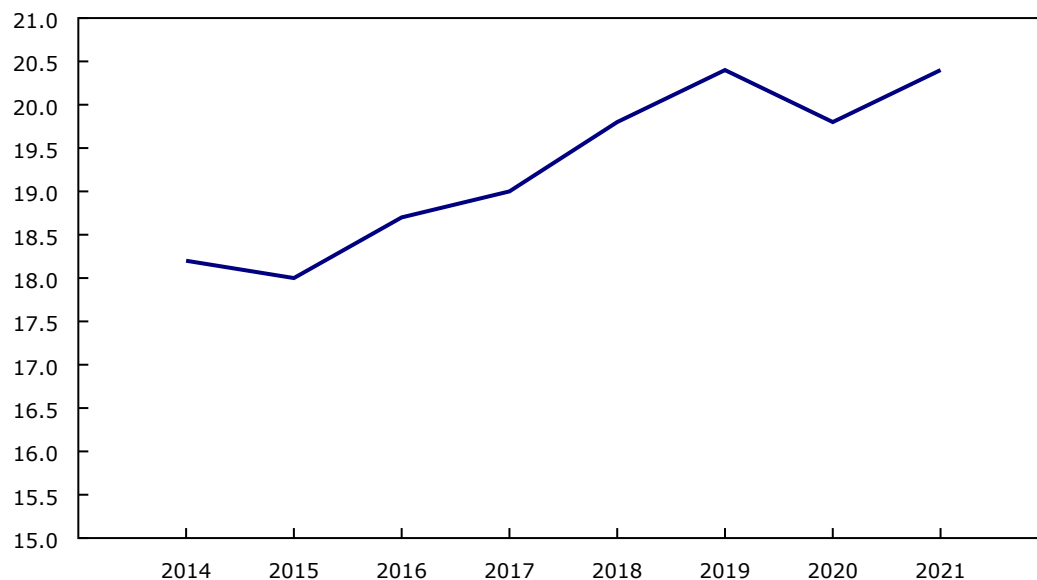
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Research and development (R&D) is a key factor that drives innovation among businesses. Given the importance of R&D, advance estimates of industrial in-house R&D spending intentions are being provided for 2021 and 2020, as well as initial broad estimates for 2019.

Advance results indicate that industrial R&D in-house expenditures rose 3.2% (to \$20.4 billion) in 2019 from revised 2018 estimates (\$19.8 billion). Expenditures are expected to fall again slightly in 2020 (to \$19.8 billion), then regain all their loss in 2021 (to \$20.4 billion).

Chart 1
Total in-house R&D spending, 2014 to 2021

billions of dollars



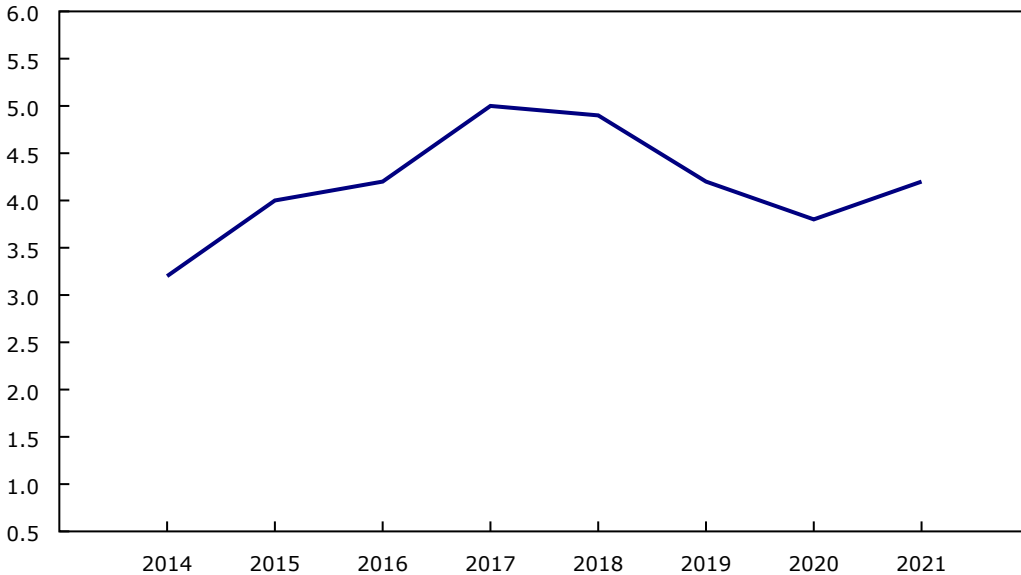
Source(s): 2019 Annual Survey of Research and Development in Canadian Industry (4201).

In addition to performing R&D, businesses outsourced \$4.2 billion worth of R&D activities in 2019, down from \$4.9 billion in 2018. Outsourced R&D expenditures are anticipated to drop to \$3.8 billion in 2020, then rebound to \$4.2 billion in 2021.



Chart 2
Total outsourced R&D spending, 2014 to 2021

billions of dollars



Source(s): 2019 Annual Survey of Research and Development in Canadian Industry (4201).

Early findings indicate that 12% of businesses anticipated changes to their in-house R&D activities as a result of COVID-19. Among them, 18% expected increases in in-house R&D activities, almost half expected decreases, and the remainder were unsure of the impact. Businesses were even less certain of impacts on outsourced R&D spending. Of the 7% of businesses that anticipated an impact on outsourced R&D, 1/10 expected increases, compared with three times that amount which expected decreases, while the rest were uncertain what the final impact would be.

A full release of R&D spending by businesses in Canada will be occur in summer 2021.

Note to readers

The direction of changes are based on estimates of research and development (R&D) expenditures in current dollars.

These flash estimates are a special product published in the context of the COVID-19 pandemic to provide Canadians with timely information on R&D in the business sector. The official estimate of industrial R&D for the reference year 2019, which will be based on a more complete set of survey and administrative data, is scheduled for release on July 26, 2021.

Definitions, data sources and methods: survey number 4201.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).