

Research and development in Canadian industry: Flash estimates

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Fewer than 2% of businesses in Canada incorporate research and development (R&D) as part of their business strategy to address economic challenges and opportunities. Doing so generates ideas for new or improved products or processes, which not only protect or enhance their market share, but also drive change within the larger economy and society itself.

Advanced estimates of industrial R&D spending in 2021 and anticipated spending in 2022 and 2023 are being provided prior to the full suite of business R&D statistics, which will be released in summer 2023.

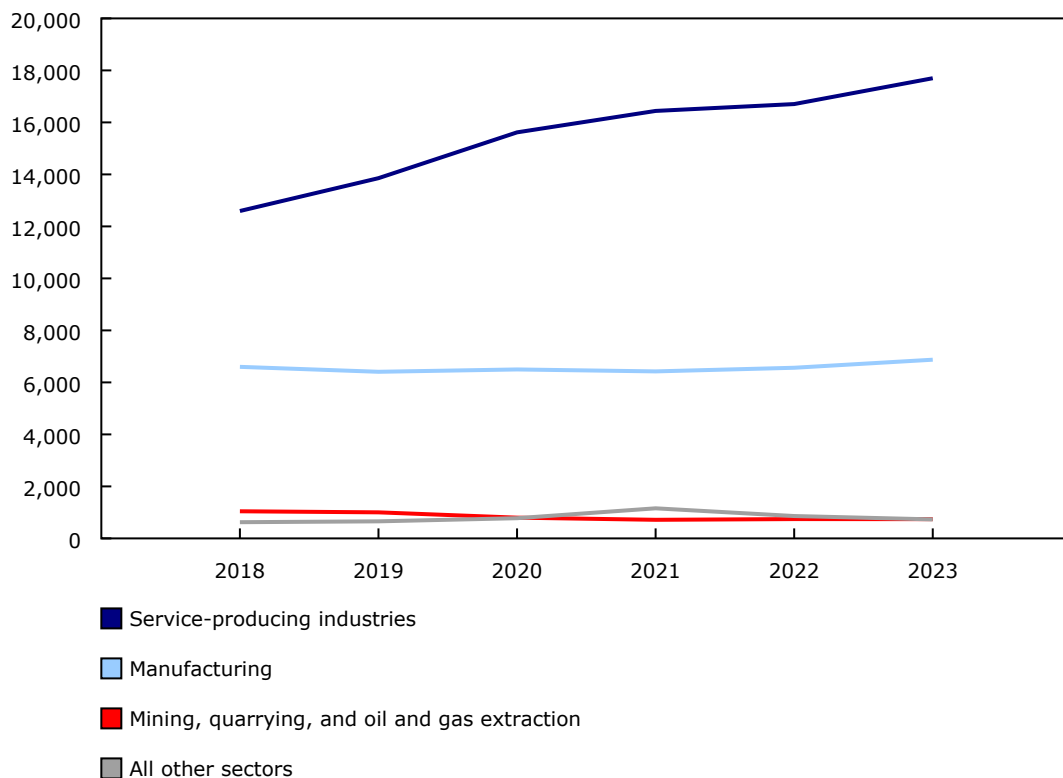
Early results indicated that industrial R&D in-house expenditures increased from the revised 2020 estimate of \$23.7 billion to \$24.7 billion in 2021. Looking ahead, expenditures are expected to increase slightly to \$24.9 billion in 2022 and to \$26.0 billion in 2023.

Service-producing industries cover a broad range of business sectors, from wholesale and retail to finance and real estate, information and cultural industries, through professional services. These industries accounted for most of the anticipated growth in industrial R&D spending over the 2020/2022 period and are expected to account for 68.0% in 2023. The growth in spending among service-producing industries has been steady since 2018, when spending reached \$12.6 billion; spending is projected to increase to \$17.7 billion in 2023.



Chart 1
Service-producing industries drive growth in industrial in-house research and development spending, 2018 to 2023

millions of dollars



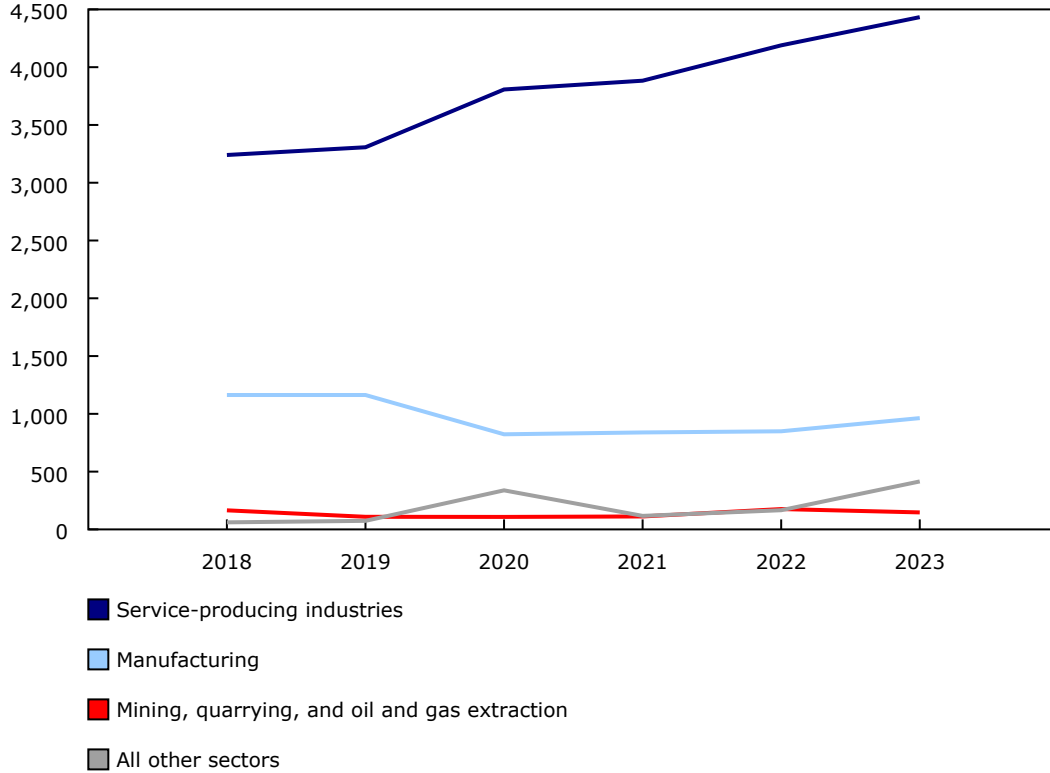
Source(s): 2021 Annual Survey of Research and Development in Canadian Industry (4201).

In addition to performing R&D, businesses outsourced \$5.0 billion worth of R&D activities in 2021, a slight decrease from the revised total of \$5.1 billion in 2020. Outsourced R&D expenditures are anticipated to increase to \$5.2 billion in 2022 and to \$5.5 billion in 2023.

Outsourced R&D is funded largely by service-producing industries, whose share has continued to grow and is expected to account for three-quarters of all outsourced R&D in 2023.

Chart 2
Outsourced research and development spending by service-producing industries grows, 2018 to 2023

millions of dollars



Source(s): 2021 Annual Survey of Research and Development in Canadian Industry (4201).

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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).