

State Companies Oblivious to R&D

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Foreign companies invest four to six times more in research and development than their Russian counterparts, according to a recent study.

Expert RA rating agency found that large corporations in Russia are the least involved in research and development. Foreign corporations finance more than 65 percent of their countries' total R&D, but in Russia only 20 percent of R&D is financed through the corporate sector.

Eighty percent of the largest corporations were not even able to say what innovations they financed, Dmitry Grishankov, Expert RA general director, said Wednesday at the Russian Innovations Forum.

Experts blamed the low numbers on the lack of government incentives for R&D investment. The share of companies that receive state funds for research is 0.8 percent in Russia, comparable with 8.8 percent in Germany and 12.7 percent in Belgium.

State-controlled companies fared slightly better in the ranking. Expert RA found that they are ahead of corporations in terms of research investment, but trail comparable companies abroad.

Alexander Fertman, President Dmitry Medvedev's Skolkovo adviser, explained the gap in terms of the companies' different approach to R&D. Russian companies tend to set a specific goal for their innovation programs to get maximum profits. Foreign companies, however, also foresee long-term profits and hire staff to carry out broad studies, he said.

The innovation community urged the government to place more requirements on state companies to increase their investment in R&D, including firing company heads for not meeting funding quotas.

"In all times, in all countries in the world, this is the most effective motivation," said Olga Uskova, president of the National Association of Innovation and Development of Information Technology.

State company representatives responded that innovators rarely send them good proposals and sometimes even spam their mailboxes with duplicate e-mails.

They added that state companies couldn't be the main buyers of innovations because they are inherently averse to the risks involved in R&D financing. Mikhail Lifshits, Renova development director, encouraged scientists to look for other sources of funding.

"The market for innovations is quite cosmopolitan. Don't look at our state companies," Lifshits said. "There are quite a lot of private companies. There are quite a lot of foreign companies that want innovations."

The Russian government continues to insist on greater investment in R&D by state companies in the effort to modernize the economy.

Following the modernization committee meeting in January, Medvedev ordered state companies to increase investment in innovations and threatened to fire the heads of companies that don't achieve sufficient levels of investment.

Only a third of the 22 state-controlled companies that had to develop new innovation programs by January met the deadline. The next deadline is set for July 15.

Most state companies declined to share their innovation plans with the rating agency, but Deputy Economic Development Minister Andrei Klepach reassured the innovation community that they are on track to meet the deadline. Over 20 have already had their plans approved by their boards of directors, Klepach said at the forum.

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