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*The UK Research and Development Satellite Account:
A Preliminary Analysis*

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(The views expressed in this paper are those of the authors. They do not necessarily reflect the views of the Office for National Statistics.)

Abstract

This paper presents preliminary analysis treating the consumption of research and experimental development (R&D) as investment in an intangible scientific asset, in line with proposed revisions to the United Nations System of National Accounts. The purpose of this analysis is to communicate to users of statistics the potential impacts of capitalising R&D in the National Accounts in a new set of satellite accounts. Capitalising R&D raises the level of UK GDP by approximately 1.5 percent, but has limited impact on estimates of recent GDP growth. In addition, we investigate the robustness of our results to key assumptions and find that there is significant sensitivity only at a relatively disaggregated level. The figures presented are preliminary, based on experimental methods, and should therefore be interpreted with caution. The authors welcome comments and complementary evidence that can be used to substantiate or revise the assumptions made throughout the paper.

Keywords: National Accounts, R&D, UK, Investment

JEL classifications: C40, C82, E01, E22, O30