

## MEDIA RELEASE

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### **New Report Highlights Importance of IP-Intensive Manufacturing Industries in U.S. Economy** *Pharmaceutical Industry Leads the Manufacturing Sector in R&D Investment*

WASHINGTON, D.C. (March 23, 2015) – Strategic research firm ndp | analytics today released a new analysis of the U.S. manufacturing sector that found research and development (R&D) investment is a key driver of innovation, supporting the growth and sustainability of the nation's economy. The report, "Intellectual Property (IP)-Intensive Manufacturing Industries: Driving U.S. Economic Growth," also determined that industries that invest more in R&D (defined as "IP-intensive") tend to be more productive, support higher-value jobs and sustain employment better than industries with low levels of R&D spending ("non-IP-intensive").

"This research demonstrates the clear correlation between technological advancement, job creation and economic growth," said Nam D. Pham, Ph.D., report author and Managing Partner at ndp | analytics. "The enormous amount of resources IP-intensive industries investing in R&D and human capital in order to invent and improve new products, services, and methods underscores the need for strong IP protections."

Based on official data from the National Science Foundation, the U.S. Census Bureau, the U.S. Bureau of Economic Analysis, and the International Trade Commission, the report found that IP-intensive industries accounted for 83 percent of annual R&D spending across all U.S. manufacturing industries between 2000 and 2010, and R&D investment grew by 53 percent compared to 34 percent for non-IP-intensive industries. From a productivity standpoint, IP-intensive industries produce more than triple the exports and double the output per employee. Additionally, workers earn about 50 percent higher wages than their non IP-intensive counterparts. Other key findings from the report include:

- ***The pharmaceutical industry leads the manufacturing sector in R&D investment and supports high-wage jobs, even during economic downturns.*** The pharmaceutical industry accounted for 23 percent of average annual R&D investment, and employees earn 60 percent higher wages than the average for the manufacturing sector. Employment numbers also remained unchanged from 2000-2010 while other industries experienced job losses.
- ***IP-intensive industries represent a disproportionately large share of wage growth, export-led growth, and overall economic output relative to their share of employment.*** While

representing 29 percent of workers in the manufacturing sector, IP-intensive manufacturing industries accounted for 59 percent of all manufacturing exports, 47 percent of all manufacturing output, 44 percent of all manufacturing economic value-added, and 37 percent of all manufacturing wages.

“Public policies that maintain incentives for innovation and encourage economic growth are critical to the future of our country’s manufacturing base,” Pham said.

IP-intensive industries highlighted in the report include pharmaceuticals, semiconductors, computer & electronics, aerospace, medical equipment, transportation equipment, and petroleum.

Also released today is a companion report, “The Innovative Pharmaceutical Manufacturing Industry: Driving Economic Growth.” This report highlights that the pharmaceutical industry has made more investments in R&D over the past decade than any other IP-intensive manufacturing industry. The pharmaceutical industry consequently continues to outperform other manufacturing industries in key economic measures, including total output, net economic contributions and exports.

To read the full reports, please visit [our website](#).

### **About ndp | analytics**

ndp | analytics is a strategic research firm that specializes in economic analysis of public policy and legal issues. Our services include economic studies, impact analyses, cost-benefit analyses, statistics, and data construction. Our analytical frameworks are data-driven and are robust, transparent, and supported by economic fundamentals. We excel in supporting organizations on advocacy, government and industry relations, public affairs campaigns, and strategic initiatives. Clients of ndp | analytics include trade associations, coalitions, financial institutions, law firms, U.S. and foreign corporations, and multinational organizations. Our work has been prominently cited in the Economic Report of the President to Congress, the media, reports from government agencies, Congressional testimonies, and by Congressional leaders.