U.S. Chemical R & D Is Up But Facing Asian Pressure

U.S. chemical industry spending on R&D will grow nearly 5 percent this year to $5.57 billion, but the industry's R&D role is threatened by the production shift to Asia, reports the Battelle company in its annual research and development survey. Battelle says chemical industry spending this year will be up by some $250 million from last year's spending level of $5.32 billion, marking an increase of 4.7 percent. Battelle says Dow Chemical is to increase R&D spending by 4 percent to $980 million this year, but DuPont will see its R&D spending decline by 1 percent to $1.22 billion. The nearly 5 percent boost in chemical industry R&D is considerably less than funding for research by the biotech and pharmaceutical industries, which Battelle says will boost their combined R&D outlay to $55.4 billion this year, an increase of more than 10 percent compared with the segment's 2005 spending of $50 billion. The chemical industry's R&D spending is similar to that of the aerospace segment, according to Battelle, where an increase of 4.2 percent is expected this year to $6.2 billion. Battelle also warned that U.S. chemical industry R&D is facing a long-term threat. "U.S. chemical companies are seeing increased [R&D] pressure from foreign competitors. While new chemical manufacturing plants are sprouting up throughout Asia, there is an increasing tendency to locate R&D centers close to them to take advantage of their synergies and pilot and processing capabilities." Overall, Battelle said U.S. R&D spending will grow by nearly 3 percent this year to $329 billion, with the industrial sector accounting for nearly two-thirds of that total.

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