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## TOP NATIONS IN NANOTECH SEE THEIR LEAD ERODE

U.S., Japan, Germany, and South Korea remain leading countries, but China, India, and Russia begin to close the gap

New York, NY – March 8, 2007 – As nanotechnology investments and product revenues grow – \$12.4 billion was invested in nanotech R&D worldwide in 2006, and over \$50 billion worth of nano-enabled products were sold – cross-border nanotech activity is becoming more important. Companies must change their practices to take advantage of international funding, innovation, manufacturing, and markets for their nano-enabled products, according to a new report from Lux Research entitled "Profiting from International Nanotechnology."

"Companies active in nanotech risk missing out on key opportunities by not looking beyond their own borders," said the report's author, Senior Analyst Michael Holman, Ph.D. "It's important for them to understand which nations are strong in nanotechnology development. Our latest study found that the U.S., Japan, Germany, and South Korea remain leaders, but China is moving into the top tier on nanotech activity as its nanotechnology spending, publications, and even patents grow."

To construct its assessment, Lux Research collected extensive data on nanotechnology funding and other key metrics, such as patents and publications, and drew on site visits conducted over the course of the year in Taiwan, South Korea, China, Japan, Germany, the U.K., France, and Israel. The study found that:

- Government spending on nanotechnology grew to \$6.4 billion in 2006, up 10% from \$5.9 billion in 2005. The U.S. leads on this metric, with \$1.78 billion from federal and state governments, followed by Japan with \$975 million and Germany with \$563 million. However, at purchasing power parity (PPP) – a factor which corrects for the lower costs of goods and services in many nations – China reaches second place, with funding equivalent to \$906 million.
- Corporations spent \$5.3 billion on nanotech R&D in 2006, a 19% increase over 2005, with the U.S. leading the way at \$1.93 billion, followed by Japan with \$1.70 billion at PPP. Developing nations are further behind on corporate spending, but some saw strong growth – China's estimated corporate nanotech funding reached \$165 million at PPP, up 68% from its 2005 total.
- Among publications on nanoscale science and engineering topics since 1995, the largest number, over 43,000, come from the U.S. China is in second place with more than 25,000 – and added over 6,000 publications in 2006, more than twice as many as third-place Japan. International patent activity also swelled, growing 31% in 2006 to reach 10,105 patents from the countries studied. The U.S. holds the lion's share, with 6,801 patents; Germany is in second place with 773.

The report analyzes 14 countries' nanotech competitiveness on two axes: 1) nanotechnology activity, which evaluates nanotech innovation on an *absolute* scale; and 2) technology development strength, which gauges the *relative* ability of nations to use those innovations to drive economic growth. "It's clear that leading nations in nanotech, particularly the U.S. and Japan, aren't going to be pushed aside any time soon," Dr. Holman said. "They will have more competition at the top, however. It was striking that even within the top tier, countries like South Korea grew much closer to the U.S. and Japan, and developing nations like China, India, and Russia made strong moves forward just in the last year."

The report provides detailed statistics on nanotech funding and research in fourteen countries, assesses their nanotech competitiveness, and gives companies guidance on how to evaluate the effectiveness of their international efforts in nanotechnology. The full report is available immediately to clients of Lux Research's Nanotechnology Strategies advisory service. For information on how to become a client, contact Rob Burns, Senior Vice President, at (646) 723-0708.

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