

# Global Reach, Local Roots

## UNDERSTANDING THE INTERNATIONALISATION OF R&D AMONG UK FIRMS

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### Executive Summary

This report presents new evidence on the UK innovative landscape with special attention on the internationalisation of research and development (R&D) among UK firms, drawing from patent data and firm-level records spanning 2000 to 2021. The country shows a robust growth in R&D investment and a consistently strong position in global innovation rankings whilst navigating major global shocks. The report highlights both achievements and structural weaknesses in the UK's R&D system and proposes policy directions to enhance global engagement and innovation capacity.

- » The UK consistently ranks among the top 10 innovators in the world for life sciences technologies. However, emerging technologies show mixed results. The UK excels in green technologies and semiconductors but lacks global competitiveness in AI, quantum, and robotics. Patenting is dominated by a few actors, raising concerns about depth and inclusivity.
- » International collaboration, long a cornerstone of UK innovation, has weakened since 2014 - particularly with EU partners. While deep ties with the US and select Asian economies persist, the overall collaboration base is narrowing, limiting access to diverse global knowledge pools.
- » In the last decade UK-China research links grew significantly, accounting for over 10% of UK joint output.

- » Pharmaceuticals, ICT and Original Equipment Manufacturing are the top 3 innovative sectors over time with OEM firms increasingly shifting from the EU to the US and China.
- » Domestic companies are more likely to engage in domestic collaboration, which means that international R&D is mainly done by multinationals or foreign owned companies, particularly from the US and Canada.

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You are also welcome to email us if you have any questions about this report or the work of the IRC generally: [info@ircaucus.ac.uk](mailto:info@ircaucus.ac.uk)

Thank you

The Innovation & Research Caucus

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## About the Innovation and Research Caucus

The IRC supports the use of robust evidence and insights in UKRI's strategies and investments, as well as undertaking a co-produced programme of research. Our members are leading academics from across the social sciences, other disciplines and sectors, who are engaged in different aspects of innovation and research system. We connect academic experts, UKRI, IUK and the ESRC, by providing research insights to inform policy and practice. Professor Tim Vorley and Professor Stephen Roper are Co-Directors. The IRC is funded by UKRI via the ESRC and IUK, grant number ES/X010759/1. The support of the funders is acknowledged. The views expressed in this piece are those of the authors and do not necessarily represent those of the funders.

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