

## A third of companies in the A.C. of the Basque Country with 10 or more employees were innovators during the period 2001-2003

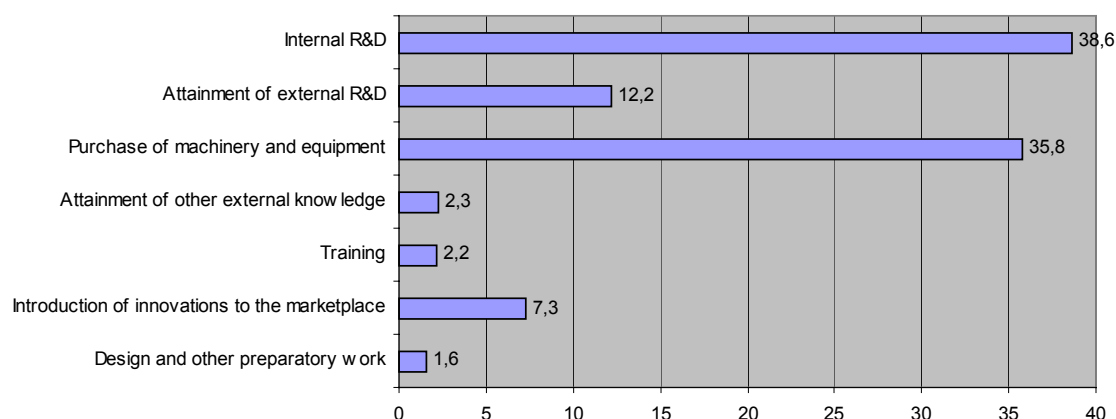
**Total expenditure on innovation activities in 2003 came to 1,836 million euros, representing 3.9% of GDP**

According to Eustat data obtained from their survey on Technological Innovation in companies in the A.C. of the Basque Country, 16.6% of businesses were innovators, whether due to their having introduced some new or appreciably improved product (goods or service) onto the market, or the introduction of a new or considerably better process within the establishment itself, during the period 2001-2003. This percentage comes to 32.1% if we take only companies with 10 or more employees into account.

Expenditure made by companies on technological innovation activities during 2003 totalled 1,836 million euros, accounting for 3.9% of GDP. Of total expenditure on innovation, the main spending was on internal R&D with 38.6% of the total and purchasing of machinery and equipment with 35.8%, leaving other activities with the remaining 25.6%.

In relation to the State as a whole and comparing homogenous data, the percentage in innovating companies during the period 2001-2003 was almost ten percentage points higher in the A.C. of the Basque Country. Additionally, as regards expenditure on innovation in companies in relation to GDP in 2003, figures for the A.C. of the Basque Country almost doubled those of the State.

**Graph 1: Distribution of expenditure on innovation according to different activities in 2003. (%)**



Source: Eustat

**36.8% of innovating companies received public funding. This percentage came to 43.8% for companies with 10 or more employees**

Of the innovating companies that received public funding, with regard to the origin of this aid, the number that obtained finance from the Basque Government clearly stood out, with 29.2% of the total number of these companies, a percentage which was lower when the aid came from other administrations. In the case of companies with 10 or more employees, the Basque Government also provided the highest percentage, namely 32.7% of businesses.

**Table 1: Innovating companies that received public funding according to its origin. 2001-2003. (%)**

	Total	10 or more employees
Local Administration	3,6	4,8
Provincial Councils	10,1	11,3
Basque Government	29,2	32,7
Central Administration	2,4	13,1
European Union	2,1	5,7

Source: Eustat

As regards the **average economic impact of innovation products**, they accounted for 40.7% of the total amount of business in innovating companies, while unaltered or only slightly modified products contributed the remaining 59.3%. In the case of the product being innovative for the marketplace as well as the company, this economic impact represented 11.5%.

In companies with 10 or more employees, these percentages differed and the repercussion that new or appreciably improved products had on the market was 25.5%. If the product was also new to the marketplace, the average economic impact was 10.4%.

In addition, half of these companies, or more precisely **50.2%, considered that there were specific factors that hindered technological innovation**. The factors that stood out for companies were the high costs that innovation entailed and the excessive economic risks.

**Table 2: Factors that hinder innovation. 2001-2003. (%)**

	Total	10 or more employees
<b>Economic factors:</b>		
.- Excessive economic risks	33,1	35,5
.- High cost of innovation	38,9	44,9
.- Lack of sources of funding	30,5	34,2
<b>Internal factors:</b>		
.- Inflexibility of organisation	9,8	20,6
.- Lack of qualified personnel	14,5	21,0
.- Lack of information on technology	18,5	19,7
.- Lack of information on markets	16,4	18,5
<b>Other factors:</b>		
.- Inflexibility of regulations	14,1	18,5
.- Lack of client awareness	20,0	21,8

Source: Eustat

Finally, among innovating companies, those that used a patent or some other means of protection for their inventions or innovations during 2001-2003 accounted for 22.1%. During this period, 8.0% applied for a patent and 5.6% had some patent that was valid at the end of 2003. As regards other means of protection during this period, 15.6% of innovation companies used some method or other. These included trade names or copyright, etc.

These percentages were higher if only innovating companies with 10 or more employees were taken into account. To be precise, 36.3% used a patent or some other means of protection during this period, 10.3% applied for a patent during the period 2001-2003 and 13.5% had a patent that was still valid at the end of 2003. Additionally, 32.5% used other means of protection.

**Methodological note:** The Technological Innovation Survey carried out by Eustat is aimed at Basque companies of any size and any activity sector, except the primary sector, public administration and domestic service. The objective is to offer information about technological innovation activities carried out by companies. The survey is based on a representative sample of 3,400 establishments located in the A.C. of the Basque Country.

In order to make comparisons with the State in homogenous terms, data referring to companies with 10 or more employees is used and the education sector is excluded.

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