

16.8% of companies in the the Basque Country were innovators during the period 2002-2004

Total expenditure on innovation activities in 2004 came to 2,010 million euros, 9.5% more than the year before

Over the period 2002-2004, 16.8% of companies in the A.C. of the Basque Country were innovators, whether by introducing a new or significantly improved product on the market (good or service) (5.4%) or by the introduction, within the establishment itself, of a new or significantly improved process (14.9%), according to Eustat data. This percentage comes to 31.9% if we take into consideration only companies with 10 or more employees.

Table 1: Innovating companies according to period. (%)

	Total		10 or more employees	
	2002-2004	2001-2003	2002-2004	2001-2003
A.C. of the Basque Country	16,8	16,5	31,9	32,1
Province				
Álava	13,6	12,8	31,9	29,7
Bizkaia	17,5	16,0	30,1	30,9
Gipuzkoa	17,0	18,7	34,6	35,1

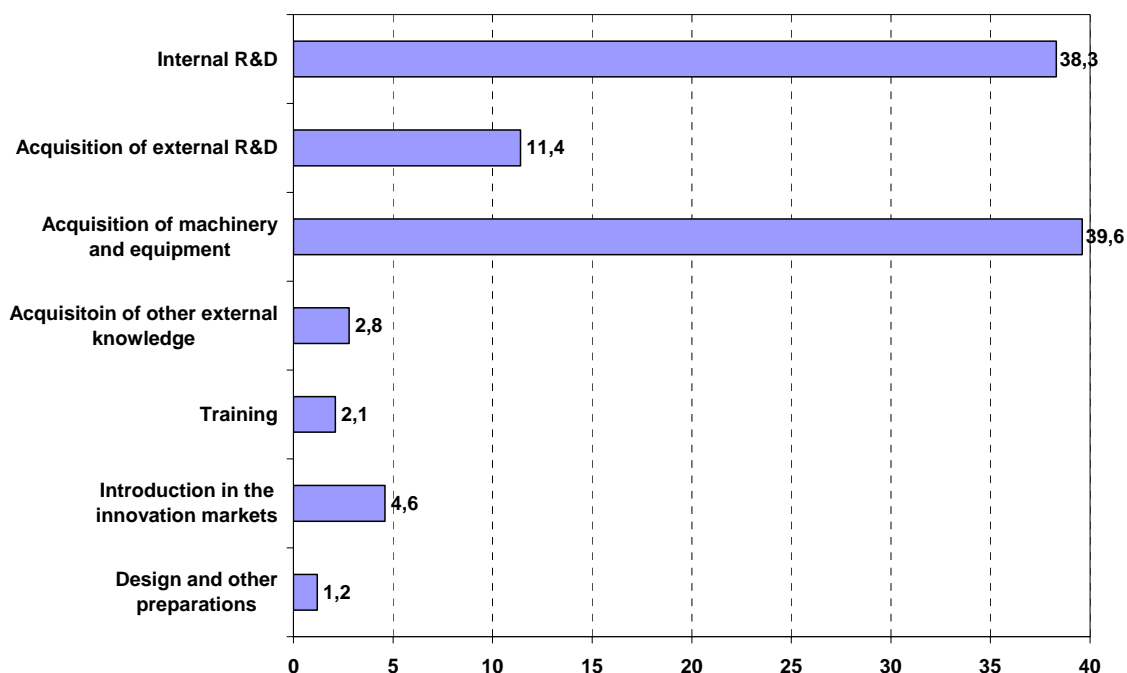
Source: Eustat

By activity sectors, Industry stands out with 22.3% of innovating establishments and, more specifically the sectors Paper, publishing and graphic arts (47.5%) and the Chemicals industry (43.3%). In the case of Services, 17.7% of establishments were innovators, the most outstanding being Education (34.3%) and Services to companies (30.8%). Finally, Construction reached 8.0%.

If we take into account the size of establishments, in those with 10 or more employees Industry obtained 36.0%, Services registered 34.2% and Construction another 9.6%.

Expenditure made by companies on technological innovation activities during came to 2,010 million euros (with 9.5% growth with regard to the 1,836 million spent the year before), which represented 3.8% of the GDP. If we break down this amount between the main innovation activities, the acquisition of machinery and equipment stands out with 39.6%, as does expenditure on internal R&D with 38.3% of the total, leaving the rest of activities with 22.1%.

Graph 1: Distribution of expenditure on innovation according to activities in 2004. (%)



Source: Eustat

29.8% of innovating companies received public funding. This percentage rises to 42.6% for companies with 10 or more employees.

Among the innovating companies that received public funding, if we observe the origin of this aid, the most outstanding, with 24.0% of the total, are those that receive aid from the Basque Government. This percentage decreases if the aid comes from other administrations. In the case of companies with 10 or more employees, it is also the Basque Government who funds the highest percentage, specifically 33.4% of companies of that size.

Table 2: Innovating companies that receive public funding according to the origin. 2002-2004. (%)

	Total	10 or more employees
Receive public finance	29,8	42,6
Local administrations	3,1	5,6
Provincial Councils	11,1	11,9
Basque Government	24,0	33,4
Central Administration	5,6	11,8
European Union	3,4	5,3

Source: Eustat

Product innovation over the period 2002-2004 represented 21.9% of the business

the average economic impact that innovating products have on companies represents 21.9% of the total business, while unaltered or slightly modified products represent the remaining 78.1%. In the case of product innovation, if besides being for the company, the product is also for the market, this average economic impact represents 14.4%.

For companies with 10 or more employees these percentages vary, the effect of new or significantly improved products on business now becoming 24.9%. If the product is also new for the market, the average economic impact is 9.3%.

From the cooperation viewpoint, it should be pointed out that 3.6% of establishments that carried out innovation signed some kind of cooperation agreement on innovation activities or R&D. These agreements mainly involve Technology Centres (78.9%), Universities and other institutions (57.7%) and Equipment suppliers (56.0%).

By size, among establishments with 10 or more employees that carried out innovation, 15.7% signed a finance agreement, particularly Technology Centres (68.2%), other establishments belonging to the company (39.2%) and Universities and other institutions (37.8%).

Half the companies consider there to be factors that make technological innovation difficult

In addition, half the companies, 51.7%, to be precise, consider there to be certain factors that make technological innovation difficult. among these factors, companies highlight the high costs that innovation represents, as well as excessive economic risks. Among the companies with 10 or more employees, this percentage amounts to 64.7%.

Table 3: Factors that make innovation difficult. 2002-2004. (%)

	Total	10 or more employees
There are factors that make innovation difficult	51,7	64,7
Economic factors:	47,8	55,0
.- Excessive economic risks	34,4	39,7
.- High innovation costs	43,3	49,4
.- Lack of sources of finance	32,3	36,4
Internal factors:	30,5	45,4
.- Organizational inflexibility	12,6	22,4
.- Lack of qualified personnel	17,2	26,2
.- Lack of information on technology	19,1	24,1
.- Lack of information on markets	20,1	22,8
Other factors:	25,9	36,0
.- Insufficient flexibility in regulations	18,7	24,2
.- Lack of client awareness	19,6	25,7

Source: Eustat

Finally, among innovating companies, over the period 2002-2004, those that used a patent or other method of protection for their inventions or innovations represented 20.7%. Thus over the period 2.7% applied for a patent to protect the inventions or innovations developed in their establishment and 3.4% had a patent in effect at the end of 2004. With regard to other protection methods, over the period mentioned, 19.9% of innovating companies had used them. Among the methods used, the most common were model registration, factory marques, author rights, etc.

These percentages increase if we take into account only innovating companies with 10 or more employees. Specifically 37.5% used, over the period, some kind of patent or other protection method, 7.4% applied for a patent over the period 2002-2004 and 12.4% already had a patent in effect at the end of 2004. Furthermore, 32.7% used other methods of protection.

Methodology note: The Survey on Technological Innovation carried out by Eustat, is aimed at Basque companies of any size and any activity sector, except the primary sector, public administration and household service. The main aim is to offer information about activities for technological innovation 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.

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