

SURVEY ON TECHNOLOGICAL INNOVATION-EIT 2006

## Total expenditure on technological innovation activities in the A.C. of the Basque Country increased by 8.8% in 2006

### 19.0% of innovating companies used a patent or some other protection methods for their inventions or innovations

Expenditure made by Basque companies during 2006 on technological innovation activities came to 2,352 million euros, having increased by 8.8% as regards the previous year, according to Eustat data. This expenditure represented 3.8% of GDP and if this figure is broken down into the main activities needed for innovation, most notable is expenditure on internal R&D with 38.6% of spending, acquisition of machinery and equipment, with 37.4% and acquisition of external R&D, with 15.6%, leaving 8.4% for other activities.

It can be seen that while expenditure on innovation increases year after year, the percentage of companies carrying out innovation remains at a similar rate. During the period 2004-2006, 16.6% of companies in the A.C. of the Basque Country were innovators, corresponding to 29,880 companies. Innovating companies are those either capable of introducing a new or distinctly improved product, whether goods or services, onto the market (5.8% in 2006), or those that implement a new or distinctly improved process within their own establishment (15.1%).

These percentages rise to 32.7% if only companies with 10 or more employees are taken into account, with product innovators representing 14.4% and process innovators 27.9%.

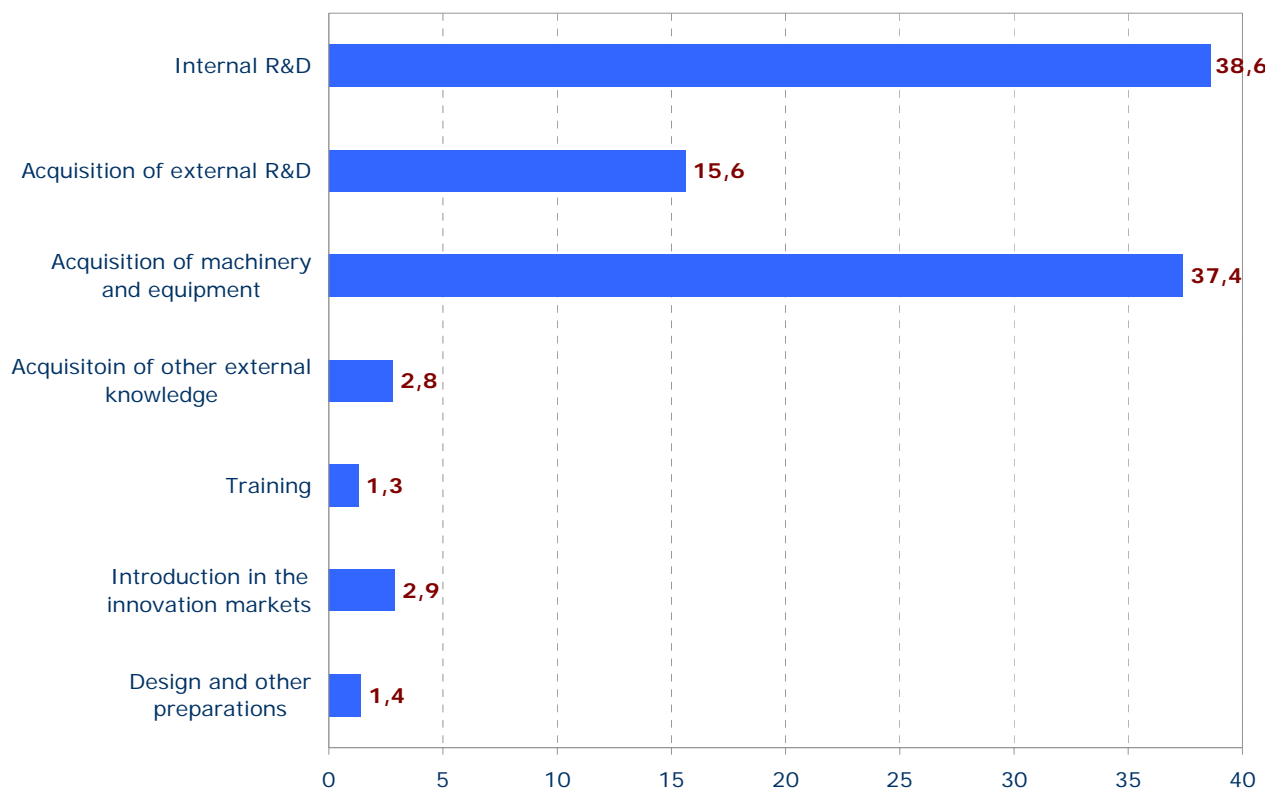
**Table 1: Innovating companies and expenditure on innovation activities according to period.**

Unit: percentage of companies and millions of euros

	Total				10 or more employees			
	2004- -2006	2003- -2005	2002- -2004	2001- -2003	2004- -2006	2003- -2005	2002- -2004	2001- -2003
<b>A.C. of the Basque Country</b>	<b>16,6</b>	<b>16,9</b>	<b>16,8</b>	<b>16,5</b>	<b>32,7</b>	<b>33,3</b>	<b>31,9</b>	<b>32,1</b>
<b>Province</b>								
Álava	15,7	15,1	13,6	12,8	34,3	33,8	31,9	29,7
Bizkaia	17,1	17,6	17,5	16,0	30,5	32,4	30,1	30,9
Gipuzkoa	16,3	16,5	17,0	18,7	35,3	34,3	34,6	35,1
<b>Expenditure on innovation</b>	<b>2.352,2</b>	<b>2.161,7</b>	<b>2.010,2</b>	<b>1.836,0</b>	<b>1.829,7</b>	<b>1.677,8</b>	<b>1.463,6</b>	<b>1.472,6</b>

Source: Eustat

**Graph 1: Distribution of expenditure on innovation according to different activities in 2006. (%)**



Source: Eustat

***The economic impact of product innovation on turnover accounted for 25.3% during the period 2004-2006***

Elsewhere, 25.3% of the turnover of innovating companies came from innovation products, while unaltered or slightly modified products represented the remaining 74.7%. When these products were not only innovative for the company that carried them out, then the average economic impact represented 13.6%.

These percentages varied slightly in companies with 10 or more employees, with new or distinctly improved products here accounting for an average of 23.7% impact on turnover. If the product was also new for the market, the average economic impact was 8.7%.

***27.6% of innovating companies received public funding. This percentage rose to 47.4% of companies with 10 or more employees***

27.6% of innovating companies received some form of public funding for their innovation activities. Turning to the origin of this aid, most notable was that coming from the Basque Government, which came to 20.3% of the total of these companies. These percentages were smaller when it came to aid coming from other administrations. In the case of companies with 10 or more employees, 47.4% received aid, with the Basque Government once more responsible for funding the most companies, specifically 36.2% of innovating companies of this size.

As regards cooperation on innovation, it is noticeable that it practically did not take place in the smaller establishments. Indeed, only 6.9% of establishments that carried out innovation signed a cooperation agreement concerning innovation activities or R&D.

**Table 2: Innovating companies receiving public funding according its origin. 2004-2006. (%)**

	Unit: percentage of companies	
	Total	10 or more employees
Receive public finance from	27,6	47,4
Local administrations	5,3	6,0
Provincial Councils	8,2	14,3
Basque Government	20,3	36,2
Central Administration	3,1	12,9
European Union	5,8	5,4

**Source: Eustat**

Establishments with 10 or more employees that carried out innovation cooperation accounted for 23.7%. Within this size of establishment, among those that had signed an agreement, cooperation with Technology Centres (54.3%), Other establishments in the same company (41.3%), Equipment and materials suppliers (40.7%), Customers (32.2%) and Universities and other institutes (30.4%) were the most outstanding.

***Over half the number of companies felt that there are factors that hinder technological innovation***

Over half the companies, specifically 53.8%, felt that there are certain factors that hinder technological innovation. Among these factors, companies pointed to the high costs involved in carrying out innovation (41.7%), as well as the excessive economic risks (39.9%). Among companies with 10 or more employees this percentage rose to 64.1%, with the same hindrances highlighted.

**Table 3: Companies according to factors that hinder innovation. 2004-2006. (%)**

	Unit: percentage of companies	
	Total	10 or more employees
There are factors that make innovation difficult	53,8	64,1
<b>Economic factors:</b>	<b>45,6</b>	<b>54,1</b>
.- Excessive economic risks	39,9	40,9
.- High innovation costs	41,7	48,3
.- Lack of sources of finance	30,1	34,7
<b>Internal factors:</b>	<b>35,6</b>	<b>47,9</b>
.- Organizational inflexibility	13,5	21,5
.- Lack of qualified personnel	23,4	27,8
.- Lack of information on technology	20,2	24,6
.- Lack of information on markets	18,9	25,4
<b>Other factors:</b>	<b>30,7</b>	<b>37,2</b>
.- Insufficient flexibility in regulations	20,3	23,8
.- Lack of client awareness	23,3	26,4

**Source: Eustat**

Finally it should be pointed out that, during the period 2004-2006, 19.0% of innovating companies employed a patent or other methods to protect their inventions or innovations. Over this period, 1.5% applied for a patent to protect inventions or innovations developed in their establishment and 2.2% had one in force by the end of 2006. As for other methods of protection, 18.5% of innovating companies used methods such as registered models, trademarks, copyright, etc.

Again, these percentages were higher if only innovating companies with 10 or more employees were taken into account. To be more specific, 28.4% used, over this period, a patent or other method of protection, 6.6% applied for a patent and 10.9% had one in force by the end of 2006. Additionally, 25.6% used other protection methods.

**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 one, public administration and domestic service. Its aim is to offer information on 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.

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