

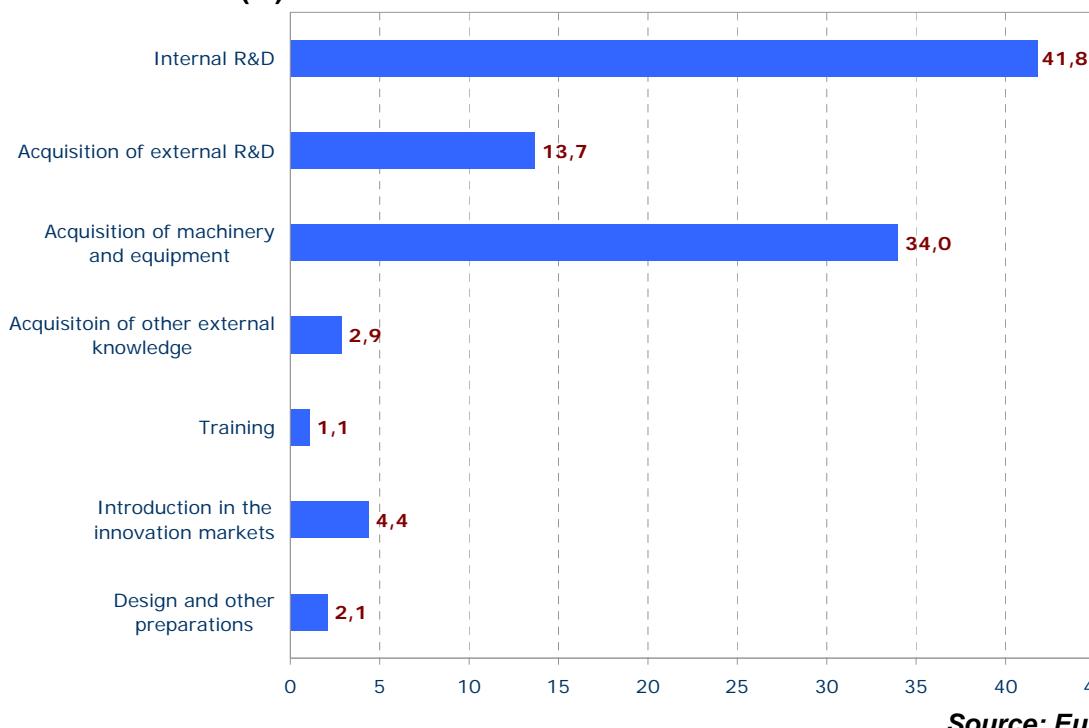
Total expenditure on technological innovation in A.C. of Basque Country increased by 10.9% in 2007

The Basque Country (32%) is the autonomous community with the highest percentage of innovating companies with 10 and more employees

Expenditure made by Basque companies during 2006 on technological innovation activities came to 2,610 million euros, having increased by 10.9% as regards the previous year, according to Eustat data. This expenditure represented 4.0% of GDP.

Among the main activities needed for innovation, most notable is expenditure on internal R&D with 41.8% of spending, acquisition of machinery and equipment, with 34.0% and acquisition of external R&D, with 13.7%, leaving 10.5% for other activities.

Graph 1: Distribution of expenditure on innovation according to different activities. 2007. (%)



Source: Eustat

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 2005-2007, 16.1% of companies in the A.C. of Basque Country were innovators, corresponding to 30,202 companies. Innovating companies are those either capable of introducing a new or distinctly improved product, whether goods or

services, onto the market (5.5% in 2007), or those that implement a new or distinctly improved process within their own establishment (14.5%).

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

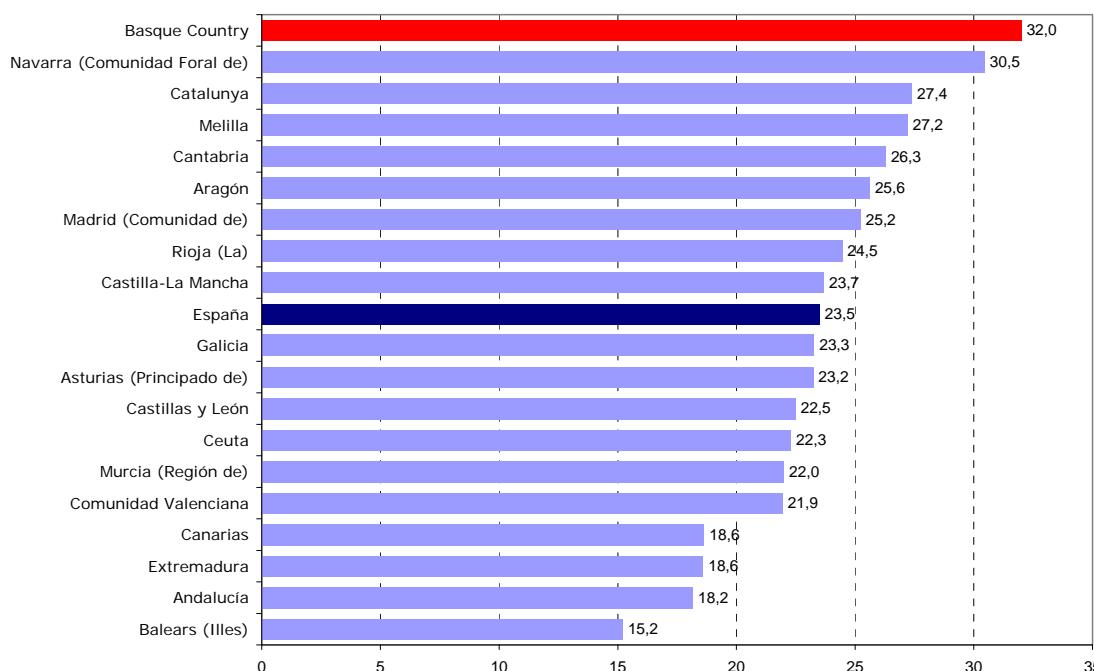
	Unit: percentage of companies and millions of euros									
	Total					10 or more employees				
	2001-2003	2002-2004	2003-2005	2004-2006	2005-2007	2001-2003	2002-2004	2003-2005	2004-2006	2005-2007
A.C. of the Basque Country	16,5	16,8	16,9	16,6	16,1	32,1	31,9	33,3	32,7	32,0
Province										
Álava	12,8	13,6	15,1	15,7	15,9	29,7	31,9	33,8	34,3	30,1
Bizkaia	16,0	17,5	17,6	17,1	16,7	30,9	30,1	32,4	30,5	29,9
Gipuzkoa	18,7	17,0	16,5	16,3	15,1	35,1	34,6	34,3	35,3	36,2
Expenditure on innovation	1.836,0	2.010,2	2.161,7	2.352,2	2.609,9	1.472,6	1.463,6	1.677,8	1.829,7	2.030,0

Source: Eustat

These percentages rise to 32.0% if only companies with 10 or more employees are taken into account, with product innovators representing 14.1% and process innovators 26.9%.

When compared to Spain and other Autonomous Community, it is noteworthy that the A.C. of Basque Country has the highest percentage of innovating companies (32.0%) with 10 or more employees, followed by Navarra (30.5%) and Catalonia (27.4%), with the Spanish media being 23.5%.

Graph 2: Innovative companies with 10 or more employees. 2005-2007. (%)



Source: Eustat and Spanish National Statistics Office (INE)

The economic impact of product innovation on turnover accounted for 25.2% during the period 2005-2007

Elsewhere, 25.2% of the turnover of innovating companies came from innovation products, while unaltered or slightly modified products represented the remaining 74.8%. When these products were not only innovative for the company that carried them out but also for the market, then the average economic impact represented 12.1%.

These percentages varied slightly in companies with 10 or more employees, with new or distinctly improved products here accounting for an average of a 22.4% impact on turnover. If the product was also new for the market, the average economic impact was 8.7%.

27.7% of innovating companies received public funding

27.7% of innovating companies received some form of public funding for their innovation activities. Turning to the source of this aid, most notable was that coming from the Basque Government, which accounted for 15.8% of the total of these companies. In the case of companies with 10 or more employees, 44.0% received aid, with the Basque Government once more responsible for funding the most companies, specifically 33.6% of innovating companies of this size.

Table 2: Innovating companies receiving public funding according to its source. 2005-2007. (%)

	Unit: percentage of companies	
	Total	10 or more employees
Receive public finance from	27,7	44,0
Local administrations	1,6	5,2
Provincial Councils	10,9	14,6
Basque Government	15,8	33,6
Central Administration	3,3	14,1
European Union	6,5	8,4

Source: Eustat

As regards cooperation on innovation, it was the case in 10.5% of establishments that carried out innovation, mainly due to the fact that only 9.3% of said establishments with less than 10 employees signed a cooperation agreement concerning innovation activities or R&D.

Establishments with 10 or more employees that carried out innovation cooperation accounted for 22.0% Within this size of establishment, among those that had signed an agreement, cooperation with Technology Centres (47.6%), Equipment and materials suppliers (46.3%), Experts and consultants (35.0%), Other establishments in the same company (34.8%) and Universities and other institutes (37.8%) were the most outstanding.

Half the number of companies felt that there are factors that hinder technological innovation

Half the number of companies (50.7%) also felt that there are certain factors that hinder technological innovation. Among these factors, companies pointed to the high costs involved in carrying out innovation (42.0%), as well as the excessive economic risks (35.8%). Among companies with 10 or more employees, this percentage rose to 60.3%, with the same hindrances highlighted.

Table 3: Companies according to factors that hinder innovation. 2005-2007.(%)

	Unit: percentage of companies	
	Total	10 or more employees
There are factors that make innovation difficult	50,7	60,3
Economic factors:	44,8	52,3
.- Excessive economic risks	35,8	40,3
.- High innovation costs	42,0	48,2
.- Lack of sources of finance	31,9	36,4
Internal factors:	34,3	45,3
.- Organizational inflexibility	12,8	23,7
.- Lack of qualified personnel	23,2	29,4
.- Lack of information on technology	21,0	28,4
.- Lack of information on markets	18,1	27,2
Other factors:	29,7	33,6
.- Insufficient flexibility in regulations	17,7	21,7
.- Lack of client awareness	23,0	26,5

Source: Eustat

24.0% of innovating companies used a patent or other methods to protect their inventions or innovations

It should be pointed out that, during the period 2005-2007, 24.0% of innovating companies used a patent or other methods to protect their inventions or innovations. Over this period, 1.4% applied for a patent to protect inventions or innovations developed in their establishment and 1.9% had one in force by the end of 2007. As for other methods of protection, 23.4% of innovating companies used methods such as registered models, trademarks, copyright, etc.

These percentages were higher if only innovating companies with 10 or more employees were taken into account. To be more specific, 26.7% used, over this period, a patent or other method of protection, 5.3% applied for a patent and 7.5% had one in force by the end of 2007. Additionally, 24.2% 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 Basque Country.

For further information:

Basque Statistics Office

C/ Donostia-San Sebastián, 1 01010 Vitoria-Gasteiz

Tlf: +34-945-01 75 00 Fax: +34-945-01 75 01 E-mail: eustat@eustat.es

Contact: José Miguel Escalada

Tlf: +34-945-01 75 96 Fax: +34-945-01 75 01

Online press releases: www.eustat.es