

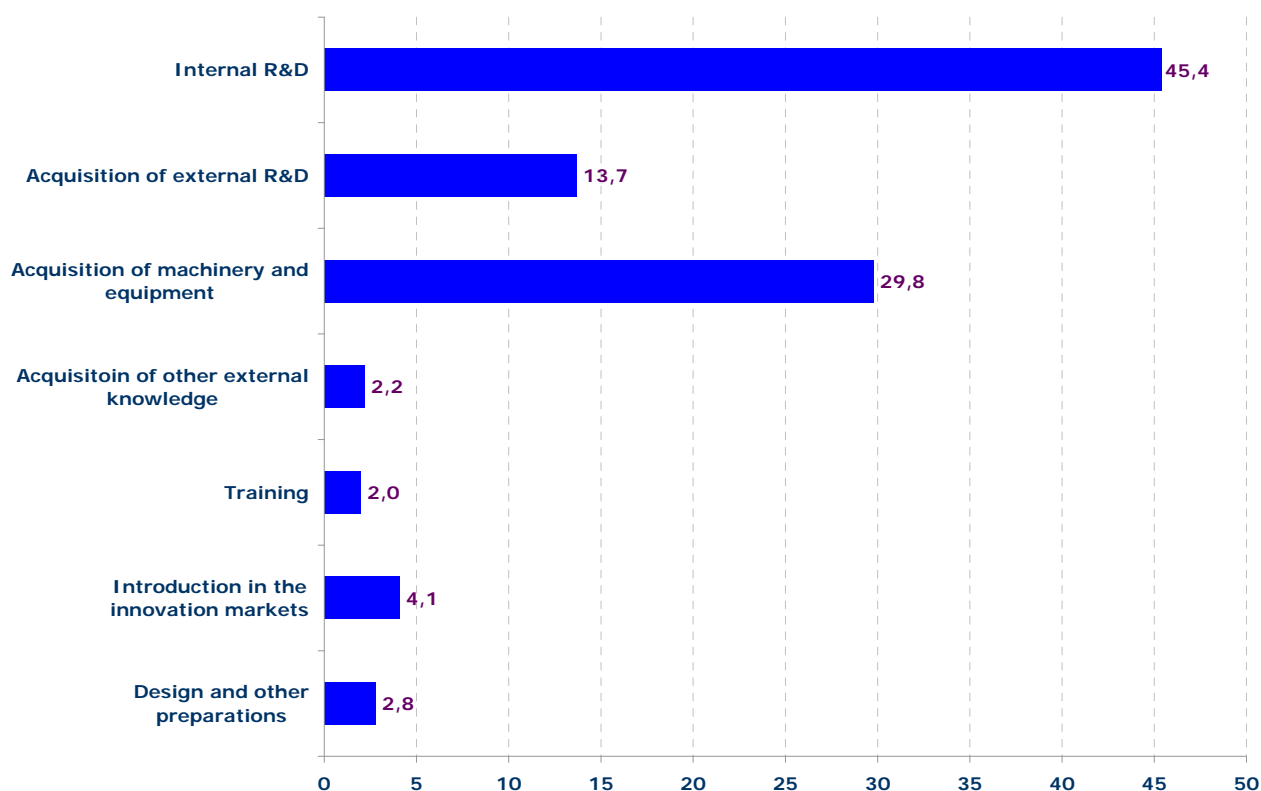
## Total expenditure on technological innovation in the Basque Country increased by 6.6% in 2008

### 31.5% of Basque companies with 10 or more employees were innovators

Expenditure by Basque companies during 2008 on technological innovation activities came to 2,782 million euros, which was 6.6% up on the previous year, according to Eustat data. This expenditure represented 4.1% of GDP.

Among the main activities needed for innovation, most notable was the expenditure on internal R&D (45.4%), acquisition of machinery and equipment (29.8%) and acquisition of external R&D (13.7%), which left 11.1% for other activities.

**Graph 1: Distribution of expenditure on innovation according to different activities. 2008. (%)**



Source: Eustat

It can be seen that while expenditure on innovation has increased year after year, the percentage of companies carrying out innovation remains at a similar rate. During the 2006-2008 period, 15.0% of companies in the Basque Country were innovators, corresponding to 29,351 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 2008), or those that implement a new or distinctly improved process within their own establishment (13.8%).

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

	Total						Unit: percentage of companies and millions of euros 10 or more employees					
	2001- 2003	2002- 2004	2003- 2005	2004- 2006	2005- 2007	2006- 2008	2001- 2003	2002- 2004	2003- 2005	2004- 2006	2005- 2007	2006- 2008
A.C. of the Basque Country	16,5	16,8	16,9	16,6	16,1	15,0	32,1	31,9	33,3	32,7	32,0	31,5
Province												
Álava	12,8	13,6	15,1	15,7	15,9	13,7	29,7	31,9	33,8	34,3	30,1	29,9
Bizkaia	16,0	17,5	17,6	17,1	16,7	15,5	30,9	30,1	32,4	30,5	29,9	29,4
Gipuzkoa	18,7	17,0	16,5	16,3	15,1	14,7	35,1	34,6	34,3	35,3	36,2	35,4
Expenditure on innovation	1.836,0	2.010,2	2.161,7	2.352,2	2.609,9	2.782,0	1.472,6	1.463,6	1.677,8	1.829,7	2.030,0	2.193,9

Source: Eustat

These percentages rise to 31.5% if only companies with 10 or more employees are taken into account, with product innovators representing 15.4% and process innovators 28.0%.

***The economic impact of product innovation on turnover accounted for 25.4% during the period 2006-2008***

Elsewhere, 25.4% of the turnover of innovating companies came from innovation products, while unaltered or slightly modified products represented the remaining 74.6%. When these products were not only innovative for the company that carried them out but also for the market, then the average economic impact stood at 11.4%.

These percentages varied slightly in companies with 10 or more employees, with new or distinctly improved products here accounting for an average of a 24.3% impact on turnover. If the product was also new for the market, the average economic impact was 9.7%.

***35.0% of innovating companies received public funding***

35.0% 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 26.3% of the total of these companies. In the case of companies with 10 or more employees, 43.3% received aid, with the Basque Government once more responsible for funding the most companies, specifically 32.5% of innovating companies of this size.

**Table 2: Innovating companies receiving public funding according to its source. 2006-2008. (%)**

	Unit: percentage of companies	
	<b>Total</b>	<b>10 or more employees</b>
<b>Receive public finance from</b>	<b>35,0</b>	<b>43,3</b>
Local administrations	3,9	6,5
Provincial Councils	9,3	13,9
Basque Government	26,3	32,5
Central Administration	5,1	16,5
European Union	8,8	7,9

**Source: Eustat**

As far as cooperation regarding R&D and innovation activities was concerned, 9.6% of innovative establishments had signed some form of agreement with other companies or institutions between 2006-20008. This percentage came to 22.0% in the establishments with 10 or more employees.

Within this size of establishment, among those that had signed an agreement, cooperation with Equipment and materials suppliers(54.5%), technology centres (46.6%), Experts and consultants (38.3%), Other establishments in the same company (33.4%) and Universities and other institutes (32.1%) were the most outstanding.

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

Half the number of companies (53.1%) 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 (40.6%), as well as the lack of funding sources (37.7%) and the economic risks, which they consider to be excessive (37.2%). 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. 2006-2008.(%)**

Unit: percentage of companies

	Total	10 or more employees
There are factors that make innovation difficult	53,1	64,1
<b>Economic factors:</b>	<b>45,9</b>	<b>54,8</b>
.- Excessive economic risks	37,2	41,8
.- High innovation costs	40,6	48,5
.- Lack of sources of finance	37,7	40,8
<b>Internal factors:</b>	<b>33,8</b>	<b>45,2</b>
.- Organizational inflexibility	13,6	22,3
.- Lack of qualified personnel	20,3	27,8
.- Lack of information on technology	21,2	25,7
.- Lack of information on markets	22,1	23,2
<b>Other factors:</b>	<b>30,2</b>	<b>34,3</b>
.- Insufficient flexibility in regulations	20,5	23,0
.- Lack of client awareness	24,5	25,6

Source: Eustat

**27.4% of innovating companies with 10 or more employees used a patent or other methods to protect their inventions or innovations**

It should be pointed out that, during the period 2006-2008, 27.4% of innovating companies with 10 and more employees used a patent or other methods to protect their inventions or innovations. Over this period, 8.3% applied for a patent to protect inventions or innovations developed in their establishment and 9.4% had one in force by the end of 2008. As for other methods of protection, 23.9% of innovating companies used methods such as registered models, trademarks, copyright, etc.

**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 Basque Country.

**For further information:**

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