

In 2020 the percentage of innovating companies in the Basque Country grew to 18.6% for the total and 31.4% in firms with 10 or more employees

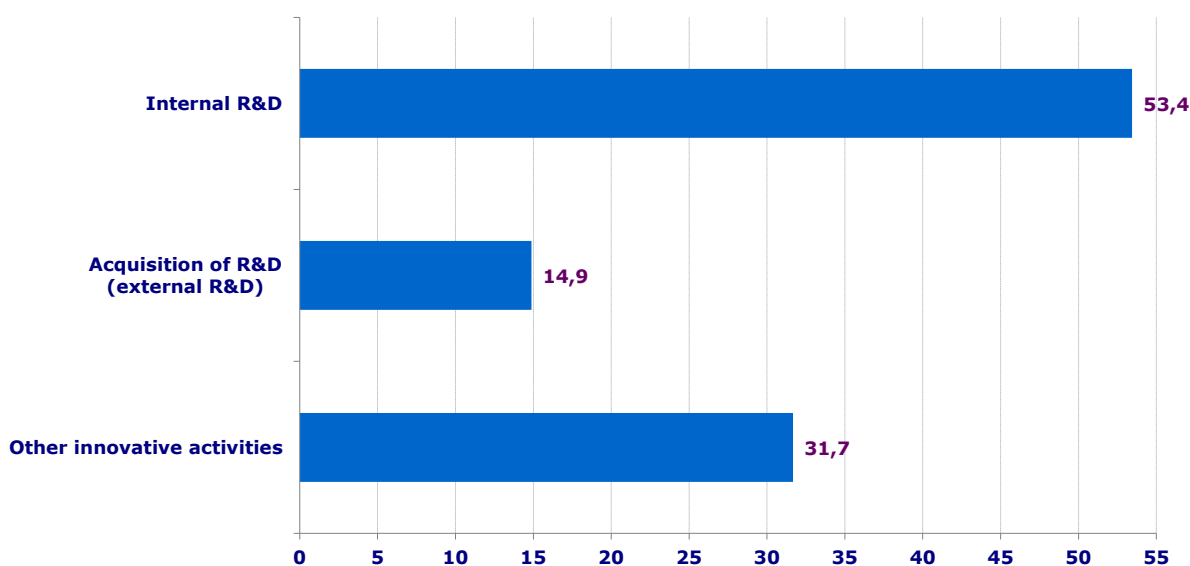
However, the total expenditure on innovating activities fell 3.7% to 2,788 million euros

The percentage of innovating companies with 10 or more employees in 2020 rose to 31.4% in the Basque Country, 0.6 points up on the year before, according to data prepared by EUSTAT. If the two types of innovation studied are analysed, Product innovation was carried out by 20.9% and business Process innovation by 27.9%. In Spain, the percentage of innovating companies with 10 or more employees stood at 22.6%, 9 percentage points lower than in the Basque Country.

If the total number of companies is taken into account, the percentage of innovating companies in the Basque Country in 2020 was 18.6%, 0.4 points more than in 2019. 10.7% with Product innovation and 16.2% with business Process innovation.

Expenditure carried out by Basque companies on innovating activities stood at 2,788 million euros in 2020, 3.7% lower than 2019, in a year marked by the COVID-19 pandemic. This figure represented 1.75% of turnover, higher than the 1.59% recorded in 2019. In these innovating activities, expenditure on internal R&D represented 53.4%, R&D Acquisition (external R&D) 14.9% and Other Innovating Activities the remaining 31.7%.

Distribution of expenditure on innovative activities according to different activities (%). 2020



Source: Eustat. Survey on innovation

26.2% of innovating companies received public funding for innovating activities

Innovating companies can receive help via public funding for innovating activities from one or more public institutions. Thus, 26.2% of these companies received this type of public funding. If we look at its origin, particularly noteworthy is that originating from the Basque Government, which stood at 17.8% of the total for these innovating companies. Local administrations and provincial councils provided 10.8% and 8.0% of funding, respectively, to these companies. The State Administration contributed to 5.7% of Basque innovating companies whereas 5.5% of companies received European Union funding: 2.9% via the Horizon 2020 programme and 3.3% through other EU funding.

In the case of companies with 10 or more employees, 52.3% received public funds, with the Basque Government funding the greatest number, specifically 39.1%, of companies of this size with expenditure on innovating activities. Provincial councils and local administrations funded 20.8% and 10.5%, respectively, whereas State Administration funding stood at 15.5% for companies with 10 or more employees. For its part, the European Union funded 11.1%: 7.7% via the Horizon 2020 programme and 6.0% through another type of European funding.

Innovative companies that receive public funding for innovation activities according to their origin (%). 2018-2020



| | Total | 10 or more |
|---------------------------------|-------|------------|
| Receive public funding from (*) | 26,2 | 52,3 |
| Basque Government | 17,8 | 39,1 |
| Local Admin | 10,8 | 10,5 |
| Provincial Councils | 8,0 | 20,8 |
| Central Admin | 5,7 | 15,5 |
| Other EU funding | 3,3 | 6,0 |
| EU Horizon 2020 Programme | 2,9 | 7,7 |

(*)companies can receive financing from more than one entity

Date December 30, 2021

Source: Eustat. Survey on innovation

Over half of the companies, 58.0%, feel that there are factors that hinder technological innovation

58.0% of companies considered that specific factors existed that made it difficult to innovate. These factors include: "The existence of other priorities within the company" (44.8%); "Excessively high costs" (35.8%); "Difficulties in obtaining public grants or subsidies" (30.0%); "Too much competition in the market" (29.7%); "Uncertainty regarding market demand for these ideas" (29.4%) and "A lack of funding within the company" or "A lack of funding from external private sources", 28.4% and 23.9%, respectively, among others.

For companies with 10 or more employees, the percentage of those that thought there were factors that made it difficult to undertake innovating activities rose to 65.3%, with the same hindrances highlighted.

Innovative products generate 35.9% of the turnover in their companies

In companies with product innovation, 35.9% of their total turnover came from their innovative products, whereas unaltered or slightly changed products accounted for the remaining 64.1%.

In companies with 10 or more employees with product innovation, these percentages vary slightly, in this case the average repercussion of new or considerably improved products on turnover accounted for 36.3%.

Methodological note

The Survey on Innovation corresponding to the year 2018 has been carried out with the new version of the Oslo Manual 2018. This means that there is a break in the series due to the methodological changes. For this reason, the data published from 2018 onwards are not comparable with those published in earlier years.

(*) Other innovating activities, collects those activities of the company that are subject to being carried out with the intention of innovating in the following six categories:

1. Engineering, design and other creative activities.
2. Marketing and brand creation.
3. Activities relating to intellectual property rights.
4. Activities relating to personnel training.
5. Software development and activities relating to database work.
6. Activities relating to the acquisition or rental of tangible assets.

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