

Company expenditure on innovation increased by 8.7% in 2021 and exceeded 3,000 million euros for the first time in the Basque Country

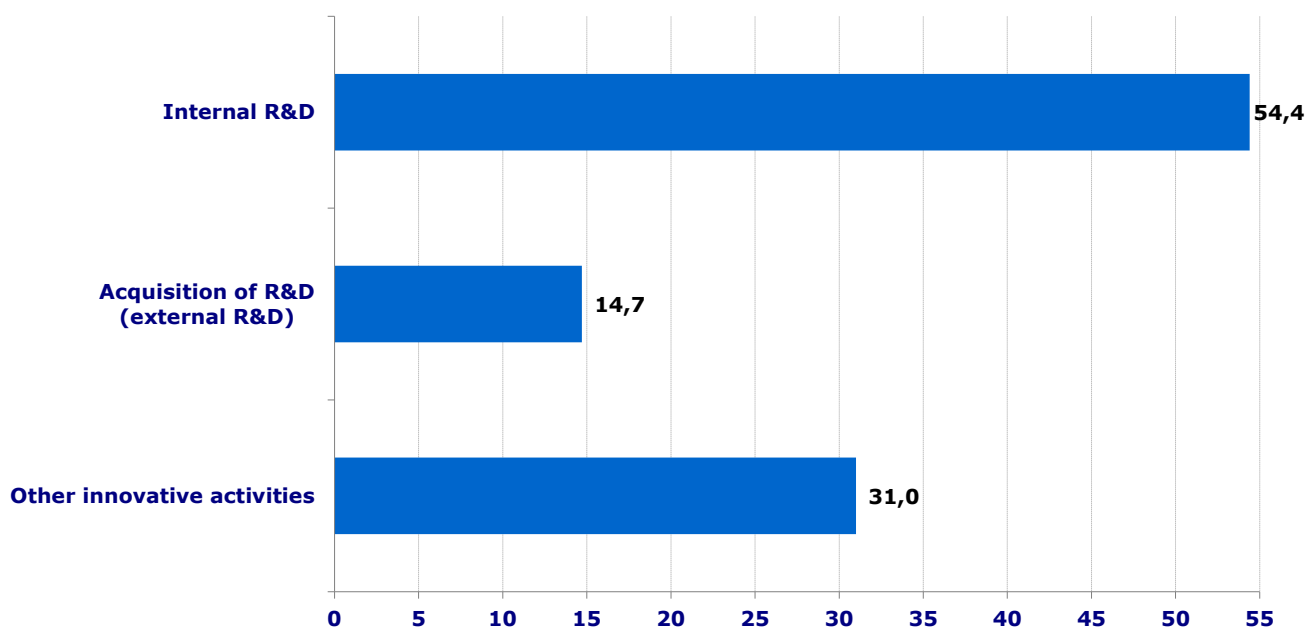
30.4% of innovating companies received public funding for innovating activities, the majority (21.5%) was from the Basque Government.

In 2021, expenditure by Basque companies on innovating activities exceeded three thousand million euros for the first time, specifically 3,030, 8.7% more than in 2020, according to Eustat data. In these activities, expenditure on internal R&D represented 54.4%, R&D Acquisition (external R&D) 14.7% and Other Innovating Activities (1) the remaining 31%.

The percentage of innovating companies with 10 or more employees in 2021 rose to 32.6% in the Basque Country, up 1.2 points on the previous year. If the two types of innovation observed are analysed, Product innovation was carried out by 19.9% and Business process innovation by 28.8%.

If the total number of companies is taken into account, **the percentage of innovating companies in the Basque Country in 2021 was 19.9%**, 1.3 points more than in 2020. 9.5% with Product innovation and 18.1% with Business process innovation.

Distribution of expenditure on innovative activities according to different activities (%). 2021



Source: Eustat. Survey on innovation

30.4% 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, 30.4% of these companies received some kind of public funding. If we look at origin, particularly noteworthy is that originating from the Basque Government, which stood at 21.5% of the total for these innovating companies. Provincial councils and local administrations provided 8.2% and 7.7% of funding, respectively, to these companies. The State Administration contributed to 5.8% of Basque innovating companies while 7.6% of companies received European Union funding: 3.5% via the Horizon 2020 programme and 6.0% from other EU funding.

In the case of companies with 10 or more employees, 52.6% received public funding, with the majority of innovating companies of this size being funded by the Basque Government, specifically 38.1%. Provincial councils and local administrations funded 20.6% and 9.9%, respectively, while State Administration funding stood at 16.6% for companies with 10 or more employees. For its part, the European Union funded 11.9%: 7.7% via the Horizon 2020 programme and 6.2% through another kind of European funding.

Innovative companies that receive public funding for innovation activities according to their origin (%). 2019-2021

	Total	10 or more
Receive public funding from (*)	30.4	52.6
Basque Government	21.5	38.1
Local Admin	7.7	9.9
Provincial Councils	8.2	20.6
Central Admin	5.8	16.6
Other EU funding	6.0	6.2
EU Horizon 2020 Programme	3.5	7.7

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

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Source: Eustat. Survey on Innovation

Over half of the companies, 62%, feel that there are factors hindering technological innovation

62% of companies considered that specific factors existed that made it difficult to innovate. Amongst these factors were: "The existence of other priorities within the company" (48.1%); "Excessively high costs" (40.2%); "Too much competition in the market" (34.5%); "Uncertainty regarding market demand for these ideas" (33.4%); "Difficulties in obtaining public grants or subsidies" (32.5%); and "A lack of funding within the company" or "A lack of qualified personnel within the company" (29.7% and 26.8%, respectively).

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 66.6%, with the same hindrances highlighted.

Innovative products generated on average 36% of the turnover in their companies

In companies with product innovation, 36% of their total turnover came from their innovative products, whereas unaltered or slightly changed products accounted for the remaining 64%.

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 33.8%.

Methodological note

Since 2018, the Survey on Innovation 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 is not comparable with that published in previous years.

(1) 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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