

Exports of goods from the Basque Country grew by 6.8% in 2018, setting a new historical record

The degree of trade openness rose to 59.8% of GDP

2018 saw an increase in Basque Country foreign trade, in both exports and imports, the former by 6.8% and the latter by 8.8%, according to Eustat data. The degree of **trade openness**, represented by the ratio (exports + imports) / GDP, stood at 59.8% in 2018, the highest figure since 1995, one tenth above that registered in 2014; the highest point until this year; and almost 2 points above the 2017 figure.

Although the **foreign trade balance** showed a surplus of 5,198.7 million euros, this was 5.3 million less than that of 2017.

In 2018 **Exports** reached 25,487.5 million euros, exceeding the figure for 2017 by 1,630.8 million and becoming the highest export figure in the historical register. In relation to GDP, in 2018 exports reached a rate of 33.3%, which was only surpassed by the figure registered in 2014 (33.9%). This growth in exports was mainly due to the 5.9% rise in exports of non-energy products, which was an increase of 1,270.6 million compared to the previous year.

Imports reached 20,288.8 million, a rise of 1,636 million on 2017, representing an 8.8% increase, which moderates the strong increase registered during 2017, when it stood at 25.5%. This year-on-year increase in imports was divided between the 709.3 million increase in *Energy Products* and the additional 926.9 million in *Non-Energy Products*.

Evolution of the foreign trade of the Basque Country (thousands of euros). 2018

	EXPORTS			IMPORTS		
	2017	2018	Δ %	2017	2018	Δ %
BASQUE COUNTRY	23.856.666	25.487.514	6,8	18.652.649	20.288.820	8,8
ENERGY PRODUCTS	2.206.630	2.566.843	16,3	5.020.213	5.729.500	14,1
NON-ENERGY PRODUCTS	21.650.036	22.920.671	5,9	13.632.435	14.559.320	6,8
ARABA / ÁLAVA	7.133.431	7.367.889	3,3	4.056.528	4.252.162	4,8
BIZKAIA	9.546.003	10.478.782	9,8	10.858.939	11.941.440	10,0
GIPUZKOA	7.177.233	7.640.842	6,5	3.737.182	4.095.218	9,6

Source: Eustat. Foreign trade statistics (ECOMEX)

A detailed analysis of Basque Country foreign trade, that is by 4 digit customs duty groups, reveals that, for exports, 18 groups stood above the 200 million euro threshold and accounted for more than half (51.8%) of all exports; of these, 12 exceeded the export figures registered the previous year, of particular note was the strong growth in the following:

- *Steel alloy bars and profiles* (35.4%), 274.3 million. 33.9% to Germany and 19.9% to France
- *Seamless tubes and hollow profiles made of iron or steel* (33.9%), 624.0 million. 24.6% to the United States and 17.5% to Iran.
- *Goods transport vehicles* (28.9%), 1,571.3 million. 23.4% to Germany, 13.6% to the United Kingdom, 10.5% to Australia and 8.4% to France.
- *Stainless steel bars and sections* (28.4%), 247.0 million. More than half (51.6%) to Germany, 15.7% to Italy and 11.4% to the United Kingdom.
- *Petroleum oils* (20.6%), 1,810.7 million. Almost half (45.0%) to the United States, 16.2% to France and 14.6% to the Netherlands.

In contrast, the two largest groups by export volume experienced a downturn; 7.1% for *Passenger cars with between 5 and 10 seats* (2,395.8 million, the majority (39.6%) exported to Germany) and 4.0% for *Vehicle parts and accessories* (1,877.0 million, primarily exported to Germany (22.55%), France (22.05%) and the United Kingdom (10.3%).

An even more disaggregated analysis (by customs duty positions), allows us to see that the most exported product (7.6% of the total) during 2018 was “*Vehicles conceived principally for the transport of people (<10) with a diesel engine (from 1,500 cm³ to 2,500 cm³)*”. Originating from the province of Álava, the main destination (76.6%) was the EU-28, principally Germany (44.1% of total exports and 57.6% of the EU-28 total). This type of product has only not been exported to two EU-28 countries: Luxembourg and The Netherlands.

Exporting vehicles ranking cars designed primarily for transportation of less than 10 people by countries. 2018

COUNTRY	THOUSANDS OF EUROS	%
TOTAL	1.933.992	100,0
Germany	853.315	44,1
United Kingdom	132.360	6,8
Italy	94.239	4,9
Russian Federation	84.573	4,4
Belgium	73.605	3,8
France	72.117	3,7
Turkey	70.610	3,7
Switzerland	65.443	3,4
Poland	62.778	3,2
Austria	42.786	2,2

Source: Eustat. Foreign trade statistics (ECOMEX)

The main product imported by the Basque Country is *Petroleum oils or oils obtained from bituminous minerals* that, with 4,772.8 million, represents 23.5% of total imports, followed by *Natural gas*, with 552.3 million and 2.7%, in both cases the destination was the province of Bizkaia. In third place was *Motors for vehicles with a power output of between 100 and 200 kw*, with 414.0 million and 2% of the Basque Country total, this time the destination was Álava. The weight of these products increased considerably for the first two, 23.8% and 27.1%, respectively, and more moderately, 8.1%, for the third.

Analysing **foreign trade by places of origin-destination**, standing out, in first place, was the 7.7% growth in exports to the European Union and the 0.8% drop in imports, with which the trade balance increased by 1,277.7 million; going from 4,958 to 6,236 million; in such a way that the coverage rate jumped from 147.0% to 159.5%.

Exporter ranking countries according to flow, trade balance and coverage rate. 2018

EXPORTS				IMPORTS			TRADE BALANCE	COVERAGE RATE
RANKING	COUNTRY	THOUSANDS EUROS	%	RANKING	THOUSANDS EUROS	%	THOUSANDS EUROS	%
	TOTAL	25.487.514	100,0		20.288.820	100,0	5.198.693	125,6
1	France	3.887.297	15,3	2	1.914.329	9,4	1.972.968	203,1
2	Germany	3.835.396	15,0	1	2.919.386	14,4	916.010	131,4
3	United States	2.118.448	8,3	13	504.465	2,5	1.613.984	419,9
4	United Kingdom	1.731.785	6,8	7	755.557	3,7	976.228	229,2
5	Italy	1.252.164	4,9	4	994.894	4,9	257.270	125,9
6	Netherlands	1.094.693	4,3	9	640.089	3,2	454.605	171,0
7	Portugal	1.054.287	4,1	14	473.817	2,3	580.470	222,5
8	Belgium	979.930	3,8	15	453.108	2,2	526.822	216,3
9	Mexico	643.464	2,5	5	914.966	4,5	-271.502	70,3
10	Poland	538.052	2,1	20	247.507	1,2	290.545	217,4
11	People's Republic of China	469.744	1,8	3	1.148.758	5,7	-679.014	40,9
12	Czech Republic	379.449	1,5	23	218.504	1,1	160.946	173,7
13	Australia	356.912	1,4	88	3.463	0,0	353.450	10.307,8
14	Turkey	353.554	1,4	25	208.641	1,0	144.913	169,5
15	Brazil	328.382	1,3	10	637.647	3,1	-309.264	51,5
16	Sweden	298.527	1,2	18	290.049	1,4	8.478	102,9
17	Austria	273.064	1,1	22	222.898	1,1	50.166	122,5
18	Russian Federation	249.912	1,0	17	385.912	1,9	-136.000	64,8
19	Switzerland	236.486	0,9	39	118.625	0,6	117.860	199,4
20	Morocco	223.530	0,9	49	47.157	0,2	176.373	474,0

Source: Eustat. Foreign trade statistics (ECOMEX)

All the countries occupying the top positions in the export rankings have had a positive evolution compared to the previous year, in particular The Netherlands (45.0%), the United States (16.3%), the United Kingdom (14.5%), Italy (13.8%) and Portugal (11.9%). Amongst the top 20 countries there were only significant downturns in exports to Turkey (-23.1%), Morocco (-12.8%) and China (-12.3%). The trade balance with these countries was positive except in the cases of China, Brazil, Mexico and Russia; in the case of the latter three this was due to the strong energy component of the imports. 64.0% for Brazil, 63.5% for Russia and 96.0% for Mexico. If energy imports are not taken into account, there would only be a trade deficit in respect of China, given that just 0.2% of imports from this country were energy imports.

By **province**, the performance of both trade flows has maintained the same trend throughout 2018.. Thus, in Álava both flows increased, exports by 3.3% and imports by 4.8%. The same occurred in Bizkaia where exports were up by 9.8% and imports by 10.0%. The pattern was repeated in Gipuzkoa, which registered increases of 6.5% and 9.6%, respectively.

Exports from Álava (29% of Basque Country exports) are centred on *Transport Material* (58.6% of the total) and *Metals & Manufactured* (16.7%). Exports from Bizkaia (41% of Basque Country exports) are focused on *Metals & Manufactured* (27.9% of the total), *Fuels and Mineral Products* (24.9%), *Electrical Material* (15.5%) and *Transport Material* (10.2%). The main exports from Gipuzkoa (30% of Basque Country exports) are *Electrical Material* (37.3% of the total), *Metals & Manufactured* (21.7%) and *Transport Material* (19.6%).

If *Energy Products* are not taken into account, the aforementioned percentage shares for each province, within Basque Country exports as a whole, become significantly more uniform: Álava represents 32.1%, Bizkaia 34.6% and Gipuzkoa 33.3%.

Over half of exports (51%) had a “high” or “medium-high” **technological level**, specifically 2.6% were in the first category and 48.4% in the second, with an increase compared to the previous year of 1.9% and 2.4%, respectively. Within the “high” technological level, Bizkaia represented 48% of the total, whilst Álava accounted for the majority of exports with a “medium-high” technological level (39.1%), closely followed by Gipuzkoa (35.8%). Barely 33.1% of imports had a “high” or “medium-high” technological level; the first category accounted for 3.6% of total imports, with a fall of 15.4% compared to 2017, and the weight of the second category stood at 29.5%, with a year-on-year increase of 6.2%. By province, imports with a “high” technological level are once again concentrated in Bizkaia (45.1%) and those with a “medium-high” level in Álava (38.6%), closely followed by Bizkaia (35.2%).

Standing out in 2018 is the evolution in the group of products related to **Transport Material** (which is included within the homonymous section no.17 of EUROSTAT's "combined nomenclature"), above all due to its importance, given that since 2016 it tops the list of Basque exports. This group experienced a downturn compared to the previous year, more acute in the latter part of the year, which caused it to represent 27.0% of the total when in 2017 it accounted for 28.9%. Almost 85% of *Transport Material* exports were concentrated in three products (customs duty groups to 4 digits):

- *Passenger cars with between 5 and 10 seats* (34.8% of the sector and 2,396 million) with a fall of 7.1% compared to the previous year breaks the upwards trajectory of the last four years. The most important vehicles within this type are diesel or semi-diesel with an engine capacity between 1,500 and 2,500 cm³, given that they accounted for 1,934 million in 2018, but in 2017 they accounted for 186 million more (a fall of 8.8%). This product was concentrated (96.8%) in Álava.
- *Goods transport vehicles* (22.8% and 1,571 million), with a strong growth of 28.9% compared to 2017, maintained the significance of this group within exports. This makes it 5 years in a row of strong growth, having more than doubled the 2013 export figures, with an export volume in the past year that stands well above the historical series. This was also concentrated in Álava (99.7%). Within this type of vehicle, the most important group is diesel or semi-diesel up to 5 tonnes and with a cylinder capacity less than or equal to 2,500cm³, representing 1,417.3 million in 2018, 240 million more than in 2017 (+20.4%). This product is completely concentrated (100%) in Álava.
- *Vehicle parts and accessories* (27.3% of Transport Material and 1,877 million) fell 4.0% in 2018, breaking the upwards trajectory that it had maintained since 2013. In the last 21 years it had almost quadrupled this group's export figure. The provincial origin of this type of product is to be found in Gipuzkoa (41.6%) and Bizkaia (47.2%).

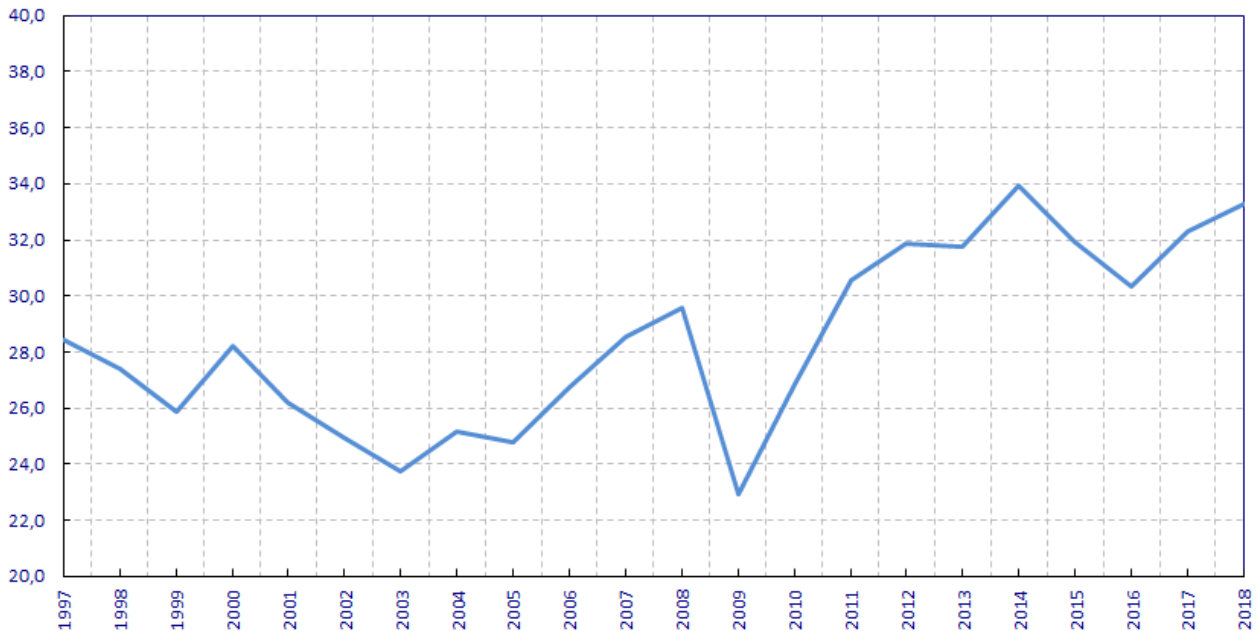
A more detailed look, from the logic of type of fuel used, diesel or semi-diesel, makes it possible to carry out a transversal analysis of the two primary products (passenger cars and vehicles), which helps to explain the evolution of this group. This type of vehicle accounts for 54% of *Transport Material* and 14.6% of total exports, with an export volume of 3,270.3 million euros.

Exports of this type of vehicle have increased by 5.4% compared to the previous year, a clearly upward trend in principle, but which conceals an uneven performance throughout the year. The largest component was *Vehicles for transporting less than 10 people with an engine capacity between 1,500 and 2,500 cm³*, that is, vans for transporting people, which are manufactured in Álava. This type of vehicle was followed by *Goods Transport Vehicles under 5 tonnes and with an engine capacity over 2,500 cm³*, that is, cargo vans; which also originate from Álava; and the third most important element was *Vehicles for transporting more than 10 people with an engine capacity over 2,500 cm³*, known as passenger buses, which are manufactured in Gipuzkoa.

The first two types of vans had shown accumulated growth during the first part of the year, but from June onwards this trend started to change. In the case of passenger vans, the quarterly variations were positive in the first quarter, 3.4% (compared to the previous quarter), and the second, 3.5%, but in the third and fourth quarters they registered pronounced negative variations, 11.3% in the third quarter (compared to the second) and 34.6% in the fourth. For cargo vans, the decline is also evident throughout the different quarters of 2018, although a positive momentum was maintained until the fourth quarter; in the first quarter exports were up 62.4%, 42.7% in the second and 17.1% in the third. However, in the final quarter of the year they fell 33.0%.

In 2018 exports represented 33.0% of the Gross Domestic product of the Basque Country, surpassing the weight they had in 1997 by 4.8 percentage points. Since 2011 the percentage was in excess of 30%.

Exports of the Basque country GDP (%). 1997-2018



Source: Eustat. Foreign trade statistics (ECOMEX)

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