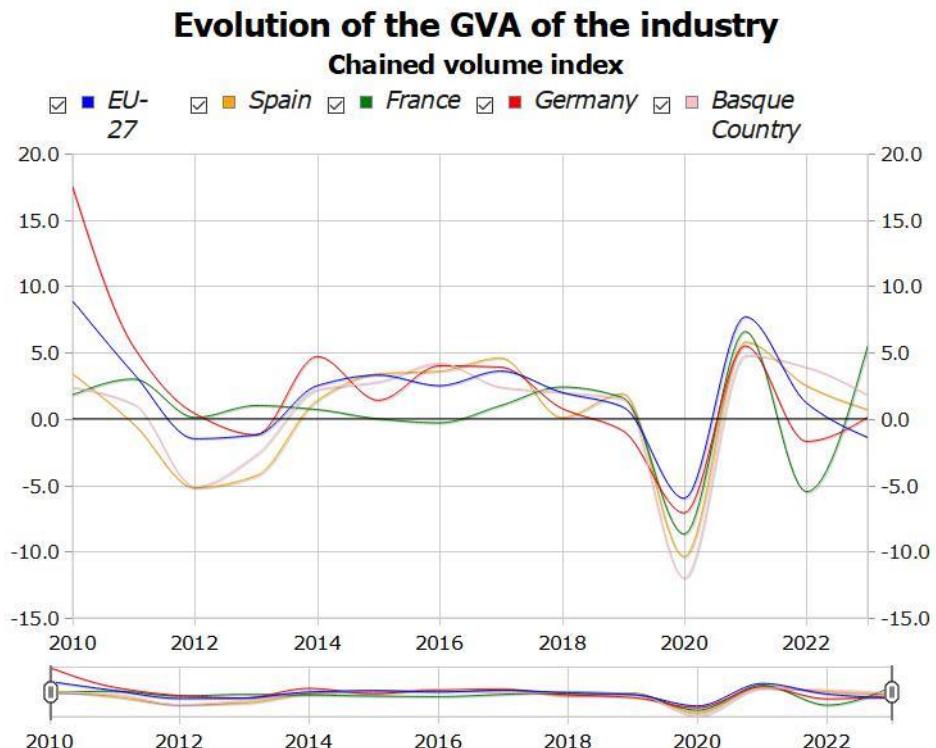


Industry reached 23.7% of the total value added in the Basque Country in 2023, which was higher than in Spain as a whole, Europe, and economically relevant countries

High export propensity of the industrial sector: its exports made up 134.4% of the Industrial GDP

In terms of gross value added, the **relative weight of industry in the Basque economy as a whole** amounted to 23.7% in 2023, remaining significantly higher than the levels in Spain (14.7%), France (13.4%) and the EU27 (18.2%), and slightly higher than in Germany (22.4%), according to Eustat data.

Regarding the development in the **gross value added** (GVA) at factor cost, the chained volume index indicates an increase of 1.8%. Compared with surrounding economies, France far exceeded this figure by reaching an increase of 5.5%, after its decrease - also of 5.5% - in 2022; next came Spain, which improved by 0.7%, and Germany, with 0.1% more. As a whole, the EU27 average recorded a drop of 1.4%.



Source: Eustat-Economic accounts, INE, Eurostat

Employment in the industrial sector reached 20.1% of total jobs in 2023, a proportion which remains higher than the averages for Spain (11.3%) and the EU27 (15.4%). It must be added that the figure also exceeded the rates of the surrounding countries. Thus, in Germany, employment in the industrial sector reached 17.7%, in Italy it was 16.5% and in France 10.1%.

Broken down by sector, employment was concentrated in branches such as Manufacture of Base Metals and Metal Products (32.8%), Manufacture of Machinery and Equipment (11.3%) and Manufacture of Transport Material (9.6%). In fact, these three branches of industrial activity alone accounted for 53.7% of the personnel employed in industry.

The **average size of establishments** in Basque industry in 2023 was 17.5 employees, with large variations between different sectors. The vast majority of industrial establishments, specifically 82.9%, had fewer than 20 workers and were responsible for 20.2% of total employment. At the other end of the scale, 0.8% of establishments had more than 250 workers, while they accounted for 27% of jobs in industry.

As for **volume of revenue**, the industrial sector in the Basque Country reached 70,380 million euros in current terms in 2023. This turnover figure represented a decrease of 5.7% compared to the 2022 figures. By Province, Álava is the only one that recorded an increase, of 1%, while Bizkaia and Gipuzkoa saw decreases of 11.5% and 1.4% respectively.

One of the most striking characteristics of Basque industry was its high **sectoral concentration**, which has hardly changed in recent years. 28.1% of the gross value added generated by Basque industry in 2023 corresponded to Metallurgy and Metal Products, a sector which maintains its traditional importance. If, to this sector, we add Manufacture of Transport Material (11.6%), Manufacture of Machinery and Equipment (9.8%) and Electricity, Gas, Steam and Air Conditioning Supply (9.5%), we reach 59% of the industrial value added, 1.6 percentage points more than in 2022, although 2.7 percentage points less than in 2016, the most recent high.

In terms of **productivity**, understood to mean the ratio between the gross value added at factor cost and personnel employed, in 2023 a value of 79,400 euros was reached, 3.1% higher than the previous year. In order to make a comparison with Europe, we must refer to the year 2022, the last year with data for Europe, which was €77,000, higher than that of Spain (€68,700), but lower than the average for the EU27 (€80,600), France (€85,800) or Germany (€96,200).

In terms of the **technological level** of the different industrial sectors in the Basque Country, 6% of the gross value added of Basque industrial activities are at the high level, although during the period analysed (2010-2023) this level increased by 2.5 percentage points, having started out at 3.5% in 2010.

Furthermore, over this fourteen-year period, the proportion of sectors with some technological content grew by almost five percentage points, rising from 84.9% of GVA in 2010 to 89.6% in 2023.

One of the distinctive features of Basque industrial companies was their clear overseas focus, as shown by their high **export propensity**. This indicator, which reflects the proportion of industrial exports over industrial GVA, reached a value of 134.4% in the Basque Country in 2023. The export propensity of the industrial sector was primarily driven by the sectors of Transport Material (467%), Coke Plants and Oil Refining (252%) and Machinery and Equipment (214%).

The value of **exports** was 32,750 million euros, with **imports** amounting to 26,944 million euros, giving a total coverage ratio of 121.5%, as the percentage value of exports compared to imports.

Finally, the Basque Industry Overview also analyses innovation and the use of information and communication technologies as driving forces for improving competitiveness. Expenditure by industry as a whole on **innovation** activities for 2023 accounted for 41.6% of total spending in all sectors in the Basque Country, with internal R&D being the most prominent element (49%) within expenditure on innovation as a whole.

Furthermore, Basque industry had a high level of implementation of **information and communication technologies**, given that in practically all industrial sectors, over 93% of industrial establishments had a computer and internet.

Among the many possibilities that the Internet offers is the opportunity to participate in **e-commerce**. This type of activity saw an increase last year in the Basque Country, both in terms of turnover and in the number of participating companies, with 46.5% of industrial establishments with 10 or more employees carrying out purchases or sales online in 2023, compared to 44.8% in 2022.

Lastly, among the nine indicators analysed in **Industry 4.0**, which refers to the digital transformation of companies, of particular note were the use of Social Networks for business purposes, with 53.8% of establishments, and Cloud Computing, with 31.7% of establishments paying for this service.

Methodological note:

The Basque Industry Overview is arranged into four sections. The first is focused on industry in the Basque Country in the macroeconomic Basque context and in comparison to surrounding economies; the second analyses the situation of industry in the Basque Country via factors such as value added and staff employed, and also discusses the smaller geographical context of regions; the third discusses key economic aspects such as competitiveness and investment; and lastly, the fourth chapter examines R&D+i in Basque industry and the use of information and communications technologies.

For further information:

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