

## The total number of Basque establishments dropped for the fifth consecutive year

***The net balance with respect to the previous year between start-up establishments and those that stopped trading was negative by more than 5,000 establishments***

In early 2013, according to Eustat data, 161,067 companies operated in the Basque Country in various sectors of economic activity and traded in 179,285 establishments (factories, shops and offices), 2.8% down on the previous year.

The number of establishments fell in every sector compared to the previous year, except in Agriculture, Livestock and Fishing, which gained 14.9%, and Public Administration, Education and Health, which gained 1.4%. Real Estate activities stood out with a 19.0% drop, and Construction, which dropped 8.9%.

### Number of Establishments by activity branch and Inter-annual rates of variation. 01/01/2013

|   | Basque Country |             | Araba/Álava   |             | Bizkaia       |             | Gipuzkoa      |             |
|---|----------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|   | N.             | %           | N.            | %           | N.            | %           | N.            | %           |
| <b>Total</b>                                      | <b>179.285</b> | <b>-2,8</b> | <b>25.364</b> | <b>-1,6</b> | <b>91.949</b> | <b>-3,5</b> | <b>61.972</b> | <b>-2,2</b> |
| Agriculture, livestock and fisheries              | 7.168          | 14,9        | 2.071         | 14,2        | 2.313         | 13,6        | 2.784         | 16,4        |
| Industry, energy and sewerage                     | 12.815         | -4,5        | 2.148         | -3,3        | 5.666         | -5,6        | 5.001         | -3,6        |
| Construction                                      | 22.640         | -8,9        | 2.965         | -10,7       | 11.352        | -9,0        | 8.323         | -8,1        |
| Trade, transportation and food service activities | 68.695         | -2,4        | 9.136         | -1,2        | 36.611        | -2,9        | 22.948        | -2,2        |
| Information and communication                     | 3.079          | -3,2        | 379           | -8,5        | 1.684         | -3,2        | 1.016         | -1,0        |
| Financial and insurance activities                | 4.953          | -4,5        | 726           | -4,5        | 2.639         | -5,9        | 1.588         | -2,3        |
| Real estate activities                            | 3.406          | -19,0       | 237           | -3,3        | 1.961         | -20,9       | 1.208         | -18,4       |
| Professional activities and support services      | 27.997         | -2,1        | 3.820         | -2,0        | 14.925        | -2,6        | 9.252         | -1,4        |
| Public Administration, education and health       | 16.114         | 1,4         | 2.160         | 0,5         | 8.575         | 1,2         | 5.379         | 2,0         |
| Arts activities and other services                | 12.418         | -0,6        | 1.722         | 0,5         | 6.223         | -1,0        | 4.473         | -0,4        |

Source: Eustat. Directory of Economic Activities

The largest sector was Trade, Transport and Hotel Management & Catering, with 38.3% in all establishments, followed by Professional Activities and Support Services (15.6%) and Construction (12.6%).

Trade, Transport and Hotel Management & Catering was the most important sector in terms of employed individuals, occupying 26.1% of the Basque Country total recorded by the Directory of Economic Activities, with 855,093. Industry, Energy and Sewerage

came next, with 21.3% of the total, and Public Administration, Education and Health with 20.7%.

The sectoral structure differed in the three Provinces. Thus, the greatest provider of employment in Álava was Industry, Energy and Health, with 28.0% of all the individuals employed in the province; followed by Trade, Transport and Hotel Management & Catering, with 22.8%, and Public Administration, Education and Health with 22.5%.

In Bizkaia, the Trade, Transport and Hotel Management & Catering sector predominated, with 27.3% of the total individuals employed in the province. The Public Administration, Education and Health sector came second, with 20.5%, whereas Industry, Energy and Sewerage, with 16.7% of the total, was in third place.

In Gipuzkoa the Trade, Transport and Hotel Management & Catering sector stood out with 26.0% of the individuals employed in the province, followed by Industry, Energy and Sewerage, with 24.9% of the total. Public Administration, Education and Health came third, with 20.2%.

Throughout 2012, the distribution of establishments according to their size remained very similar to the previous year. Barely 2,260 establishments, 1.3% of the total, had 50 or more employees, despite accounting for 38.1% of the total. On the other hand, 133,796 establishments, almost three-quarters of the total, employed less than 3 people and accounted for just 19.5% of all individuals in work.

As regards the average size of the establishments by branch of activity, the greatest concentration of employed individuals was recorded in Industry, Energy and Sewerage, both in terms of the Basque Country overall, with an average size of 14.2 employees per establishment, and at provincial level, with Álava standing out with 18.0, and the average size in Bizkaia and Gipuzkoa being 12.7 and 14.2 employees per establishment, respectively. The average size of the establishments in the Public Administration, Education and Health sector was also noteworthy, standing at 14.4 in Álava, 10.3 in Bizkaia and 10.6 in Gipuzkoa.

## COMPANIES

Of the total of companies, legal units that provide support for the establishments' activities, 97.7% were based in the Basque Country and 3,662 in the rest of the State. Bizkaia, with 80,493 companies, contributed just under half; Gipuzkoa 55,249 (34.3%) and Álava 21,663 (13.4%).

The average size of companies in the Basque Country remained stable, with 5.3 employees per company and 4.8 per establishment. The analysis by legal status reveals, however, noticeable differences. Companies under individual ownership only had 1.4 employees, both per company and establishment, whereas for the other legal forms these averages reached 11.0 and 8.9 employees per company and establishment, respectively.

## BUSINESS DEMOGRAPHICS

The net balance between start-up establishments and those that stopped trading is - 5,186.

The greatest rotation was seen in the branches of Trade, Transportation & Hostelry, with 30.5% of new openings and 31.2% of closures; 15.6% of new openings and 22.8% of closures in Construction; and Professional Activities and Support Services, with figures of 17.1% and 15.5%, respectively.

#### Establishment demographics. The Basque Country. 01/01/2013

|   | New entries   | Cancelled entries |                                  | New entries   | Cancelled entries |
|---|---------------|-------------------|----------------------------------|---------------|-------------------|
| <b>Total</b>                                      | <b>13.829</b> | <b>19.015</b>     | <b>Total</b>                     | <b>13.829</b> | <b>19.015</b>     |
| Agriculture, livestock and fisheries              | 1.674         | 780               | <b>Individual holder</b>         | 9.209         | 11.401            |
| Industry, energy and sewerage                     | 544           | 1.116             | Partnership                      | 270           | 750               |
| Construction                                      | 2.151         | 4.340             | Limited company                  | 3.144         | 5.189             |
| Trade, transportation and food service activities | 4.214         | 5.929             | Other companies and associations | 1.176         | 1.617             |
| Information and communication                     | 390           | 474               | Other legal forms                | 30            | 58                |
| Financial and insurance activities                | 305           | 521               | Other legal forms                |               |                   |
| Real estate activities                            | 184           | 980               |                                  |               |                   |
| Professional activities and support services      | 2.365         | 2.941             |                                  |               |                   |
| Public Administration, education and health       | 1.137         | 962               |                                  |               |                   |
| Arts activities and other services                | 865           | 972               |                                  |               |                   |

Source: Eustat. Directory of Economic Activities

In the analysis of demography by legal status, the establishments created under the individual ownership formula stand out for having generated 66.6% of new openings and 60.0% of closures.

In terms of individuals employed, individually-owned establishments accounted for 45.1% of jobs created and 37.5% of jobs lost. Following these, Limited Company establishments accounted for 34.1% of jobs created and 34.5% of jobs lost.

In terms of establishment size, the most dynamic stratum was that of 2 employees or under, as has become the norm. This stratum alone accounted for 90.7% of all registrations and the same percentage of all closures.

On the contrary, the stratum of Large Stores, those with 50 or more employees, only accounted for 0.1% of all registrations and the same percentage of all closures. On the other hand, it accounted for 5.6% of all jobs created and 7.1% if all jobs lost.

**Methodological note:** As of the current edition, the Directory of Economic Activities provides its establishments and companies with the number of *Employed Individuals*, rather than *Employment*, in order to adapt to European regulations. The difference is that for part-time contracts, the first term counts both individuals and contracts, whereas the second converts them into full-time equivalents.

#### For further information:

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