

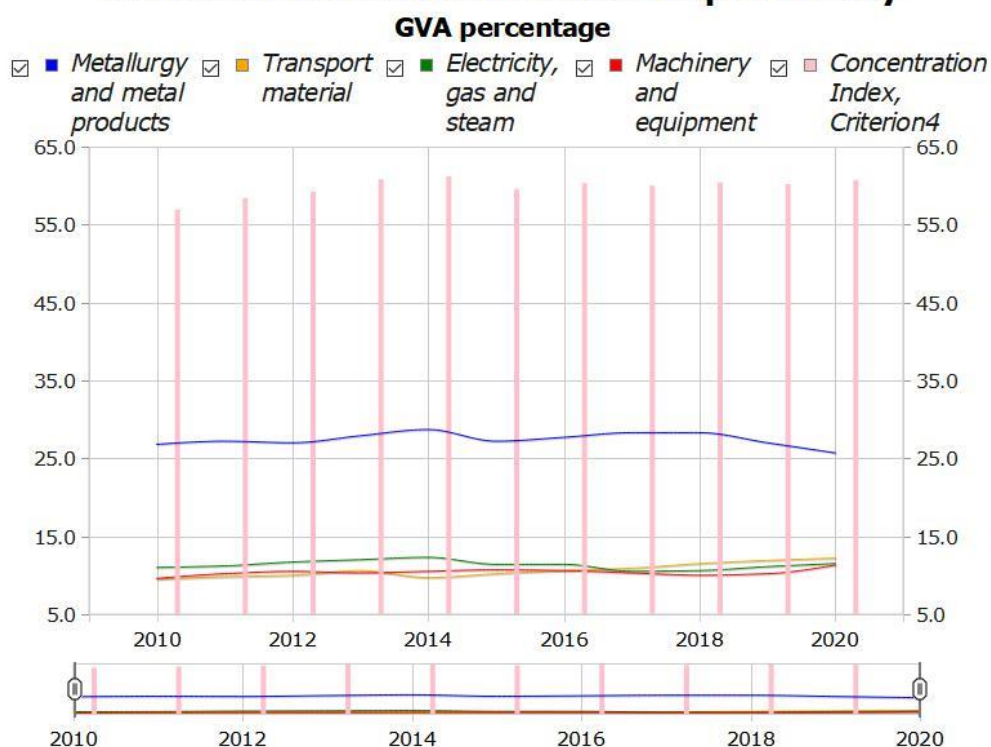
## Innovation accounts for a large proportion of the industry expenditure made in the Basque Country, 42.3% in 2020

*Of note are the high level of concentration and a clear orientation towards exports, focused on the Transport Material, Machinery & Equipment and Electrical Material & Equipment sectors*

Expenditure by industry as a whole on innovation activities for 2020 accounted for 42.3% of total spending in the Basque Country, according to data prepared by EUSTAT.

One of the most striking characteristics of Basque industry was its high sectoral concentration, which has not varied substantially in recent years. 25.7% of the Gross Value Added generated by Basque industry in 2020 corresponded to the Metallurgy and Metallurgy & Metal Products sector, a classic sector that has always had a significant percentage weight. If on top of that we add the Transport Material, Electricity, Gas & Steam and Machinery & Equipment sectors, they account for 60.7% of the industrial value added, 3.8 points more than in 2010.

### Industrial concentration index.Basque Country



Source: Eustat-Overview of the basque industry

In 2020, the year the COVID-19 pandemic began and the most restrictive measures were taken, industrial activity was seriously affected. Even so, the relative weight of industry in the Basque economy as a whole was 23.1% in 2020 and, despite the fact that its share fell by two percentage points compared to 2010, it was still clearly higher than the proportion in Spain (16.1%), France (13.2%) or the European Union 27 (19.5%), and only slightly below that of Germany (23.5%).

The average size of establishments in Basque industry in 2020 was 16.2 employees, with large variations between different sectors. The large majority of industrial establishments, namely 83.6%, had at least 20 workers and accounted for 21.3% of jobs. At the other extreme, 0.7% of establishments with more than 250 workers accounted for 24.4% of jobs.

With these figures, industry contributes 20.4% of the total employment in the Basque Country, much higher for example than the Spanish average of 11.0%, and the EU-27 average of 16.0%.

With regards to productivity, understood as the quotient between Gross Value Added at factor cost and the staff employed, in 2019, the most recent year with data at a Europe-wide level, the Basque Country reached €66,900, higher than Spain (€60,800) and the EU-27 average (€66,300), but still a long way from Germany (€80,000) or France (€80,100).

Another distinguishing feature of Basque industrial companies is that they were clearly outward-oriented, as reflected by their high propensity towards exports. This indicator, which reflects the proportion of industrial exports over the industrial GDP, reached a value of 158% in 2020.

Furthermore, exports were valued at 21,124 million euros and imports reached a total of 15,868 million euros, therefore the total coverage rate, the percentage that represents the value of exports over imports, is 133.1%. Of note within this sector were the manufacturing sectors of *Transport Material* with 427%, *Machinery & Equipment* with 198% and *Electrical Material & Equipment* with 158%.

As for the technological level of the different industrial sectors in the Basque Country, 5.6% of industrial activities in the Basque Country fall into the high level, although in the last ten years the level has grown, given that it stood at 3.5% in 2010. Furthermore, over this 11-year period, sectors with some technological content increased by one point, rising from 84.9% in 2010 to 85.9% in 2020.

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 2020 accounted for 42.3% of total spending in the Basque Country, with internal R&D being the most prominent element (48.3%).

Furthermore, Basque industry has a high level of implementation of Information and Communication Technologies, given that in practically all of the industrial sectors, over 90% of the industrial establishments have a computer, email, internet and mobile phone. 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 34.9% of industrial establishments of 10 or more employees carrying out purchases or sales online in 2020, compared to 34.1% in 2019.

***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.

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***For further information:***

*Eustat - Euskal Estatistika Erakundea / Basque Statistics Institute*

*C/ Donostia-San Sebastián, 1 01010 Vitoria-Gasteiz*

*Press Service: [servicioprensa@eustat.eus](mailto:servicioprensa@eustat.eus) Tel.: 945 01 75 62*