

In 2023, Mechanical Engineering was the largest activity group in terms of employment in the Basque manufacturing industry, accounting for 8.1%

Gipuzkoa was the province that contributed most to the 5.4% increase in the Basque Country's industrial gross value added

Mechanical engineering on behalf of third parties, with 16,036 employees in 2023, nearly 1,500 more than in 2010, saw its weight increase from 6.9% to 8.1%, consolidating its position as the largest activity group in the Basque **manufacturing industry**, according to Eustat data.

Mechanical engineering on behalf of third parties includes activities such as turning, milling, planing, smoothing, welding and cutting metals.

Although some way behind, the second largest activity group was *Forging, pressing, stamping and roll-forming of metal; powder metallurgy*, with 6,824 employees in 2023, which has remained fairly stable since 2010 and increased its share from 3% to 3.4%.

These two activity groups were the biggest contributors to the gross value added of the manufacturing industry, with 6.5% and 3.6% in 2023, respectively, surpassing the 2010 figures of 5.5% and 3.0%. This was due to the improvement in their apparent productivity per person, understood as the ratio between gross value added at factor cost and staff employed, with increases in nominal terms of 37.8% and 41.6%, respectively, compared to 2010.

Evolution of employees, gross added value and apparent labour productivity of the most employed activities in the manufacturing industry in the Basque Country. 2010-2023

	Individuals employed			Gross value added at factor cost			Apparent labor productivity (€)	
	2023	20	2023/2010 (%)	2023	20	2023/2010 (%)	2023	2023/2010 (%)
Total Manufacturing Industry	198.195	100	-5,6	15.729.682	100	27,2	79.365	34,7
Echanical engineering on behalf of third parties	16.036	8,1	10,0	1.022.355	6,5	51,5	63.754	37,8
Forging, stamping and forming of metal; powder metallurgy	6.824	3,4	7,5	571.077	3,6	52,2	83.687	41,6
Manufacture of motor vehicles	6.170	3,1	96,3	562.878	3,6	155,6	91.228	30,2
Manufacture of other parts and accessories for motor vehicles	5.519	2,8	-12,7	430.443	2,7	15,2	77.993	32,1
Manufacture of tools	5.153	2,6	-20,4	370.070	2,4	13,0	71.816	42,0

Date February 12, 2025

Source: Eustat. Industrial Survey

They both belong to the sector *Manufacture of fabricated metal products, except machinery and equipment*, which has historically dominated the Basque manufacturing sector, employing more than 25% of the processing industry total since 2010 (25.7% in 2023).

Manufacture of motor vehicles was the third largest activity group in terms of employment, with 6,170 people in 2023 (3.1% of the total), as well as in terms of its contribution to the total gross value added, with 3.6%, the same as *Manufacture of fabricated metal products*. It is worth noting that, compared to 2010, this activity group doubled its employment figures and more than doubled its gross value added figures.

In the same sector are *Manufacture of motor vehicles, trailers and semi-trailers* (12,055 employees in 2023, 6.1%) and *Manufacture of other components, parts and accessories for motor vehicles*, which, with 5,519 employees (2.8% of the sector), has seen the number of jobs fall by 800 since 2010 and contributed 2.7% to the total gross value added of the manufacturing sector. In both cases, apparent labour productivity has risen by more than 30%.

In fifth place was another group within the *Manufacture of fabricated metal products* sector, *Manufacture of machinery*, with 5,153 employees (2.6% of the manufacturing industry). Despite having seen a decrease in the number of workers since 2010 (6,473 that year), its productivity has increased by 42% and it contributed 2.4% to the total gross value added, two tenths less than in 2010, placing it in ninth position in this respect.

If we look at employment growth as an indicator of the strength of an activity group, beyond a certain employment threshold, we can see that four of them showed growth of more than 100% in the period of observation. These were: *Manufacture of prepared meals and dishes* (445 employees in 2023 and growth of 239.7%), *Manufacture of loaded electronic boards* (1,280 employees, up 170%), *Manufacture of bicycles and vehicles for persons with disabilities* (901 people employed in 2023 and 102.9% more than in 2010) and *Repair and maintenance of other transport equipment* (829 and an increase of 176.3%).

Evolution of employees, gross added value and apparent labour productivity of the activities with the greatest gain and loss of employment in the manufacturing industry in the Basque Country. 2010-2023

	Individuals employed		Gross value added at factor cost		Apparent labor productivity (€)	
	2.023	2023/2010 (%)	2.023	2023/2010 (%)	2.023	2023/2010 (%)
Manufacture of prepared meals and dishes	445	239,7	22.738	408,6	51.097	49,7
Repair and maintenance of other transport equipment	829	176,3	26.702	137,9	32.210	-13,9
Manufacture of loaded electronic boards	1.280	170,0	106.791	225,2	83.430	20,4
Manufacture of bicycles and invalid carriages	901	102,9	104.267	252,8	115.724	73,8
Steel smelting	911	-47,2	64.160	-33,0	70.428	27,0
Manufacture of plastic plates, sheets, tubes and profiles	881	-49,5	53.556	-36,7	60.790	25,2
Cold rolling of narrow strip	482	-50,3	40.124	-18,7	83.245	63,4
Cutting, shaping and finishing of stone	561	-50,9	29.721	-30,2	52.979	42,3
Manufacture of electric domestic appliances	501	-85,6	26.815	-86,7	53.523	-7,8

Date February 12, 2025

Source: Eustat. Industrial Survey

With the exception of the latter, where the rise in employment was accompanied by a decrease in apparent labour productivity per person of 13.9% in 2023 (which was circumstantial as it showed signs of recovery after COVID-19), all these activity groups registered a positive trend in productivity, with rates of 49.7%, 20.4% and 73.8%, respectively, in the same order.

In contrast, *Manufacture of domestic appliances* suffered the sharpest drop in employment in the fourteen years in question (85.6%), bringing its gross value added down from 201.4 million euros to 26.8 million (-86.7%) and its productivity per person down by 7.8%.

Cold rolling and *Cutting, shaping and finishing of stone* saw a 50% decline in employment, and *Casting of steel* and *Manufacture of plastic plates, sheets, tubes and profiles* recorded drops of close to 50%. However, despite this downturn, these activity groups saw a rise in productivity per person: *Cold rolling* recorded an increase of 63.4%, *Cutting, shaping and finishing of stone* of 42.3%, *Casting of steel* 27% and *Manufacture of plastic plates, sheets, tubes and profiles* 25.2%.

General analysis

The operating income of Basque companies rose by 5.8%

The **gross value added** at factor cost generated by the **industrial sector** in the Basque Country continued to rise and reached 17,555 million euros, 5.4% higher than in 2022. This indicator measures the economic value of the total production of goods and services, minus the resources necessary for their production, subsidies and indirect taxes. It should be noted that the industrial sector, along with the manufacturing sector, includes *Extraction industries, Electricity, gas and steam, Water supply, and Sewerage and waste management*.

This increase was felt in the majority of economic indicators, but not all. For example, **revenue** stood at 70,380 million euros at current prices in 2023, down 5.7% on 2022.

Meanwhile, the number of **people employed** in industry in the Basque Country increased by 1.8%. The total number of employees thus stood at 208,367, a rise of 3,593 people, who, as a whole, worked 1.7% more hours than in 2022. In turn, **personnel costs** increased by 8.1%.

Main economic indicators of the industry of the Basque Country by province (thousands €). 2023

	Basque Country	2023-2022 (%)	Araba/Álava	2023-2022 (%)	Bizkaia	2023-2022 (%)	Gipuzkoa	2023-2022 (%)
Individuals employed	208.367	1,8	42.725	1,2	82.549	2,1	83.093	1,7
Turnover	70.380.367	-5,7	16.768.034	1,0	31.492.741	-11,5	22.119.592	-1,4
Gross Value Added to factor costs	17.554.617	5,4	3.653.665	6,2	7.253.258	1,7	6.647.694	9,4
Expenditures on personnel	10.605.646	8,1	2.184.854	6,6	4.132.283	9,2	4.288.509	7,8
Apparent labor productivity	84,2	3,6	85,5	4,9	87,9	-0,4	80,0	7,6
Personnel costs per person	50,9	6,2	51,1	5,3	50,1	7,0	51,6	6,0
Wage-adjusted labour productivity	165,5	-2,5	167,2	-0,4	175,5	-6,9	155,0	1,5

Date February 12, 2025

Source: Eustat. Industrial Survey

In 2023, the Basque industrial sector registered **apparent labour productivity** (the output of a labour unit used in the production process) of 84,249 euros per person employed, 3.6% down on 2022, while **personnel costs per person** were 50,899 euros, 6.2% higher than those for the previous year. If both indicators are combined, the result is the **wage-adjusted labour productivity ratio**, which represents how much value added is obtained per person employed taking into account average costs. The value for 2023 was 165.5% or, in other words, in terms of value added, it was 1.655 times the value of costs per person employed. This indicator decreased by 2.5% in 2023 compared to 2022.

In keeping with these figures, the **operating income**, or earnings before interest and taxes, of Basque companies rose by 5.8%. Conceptually, the operating income indicates whether a company has made a profit or loss at the end of a financial year with regard to its main activity.

Provincial analysis

Gipuzkoa was the province that contributed most to the 5.4% increase in the Basque Country's gross value added

The turnover figure fell significantly in Bizkaia, where it was 11.5% below that for the previous year, followed by Gipuzkoa, with a 1.4% drop in turnover, while Álava was the only province where the turnover figure for 2023 exceeded that of the previous year, with a rise of 1.0%.

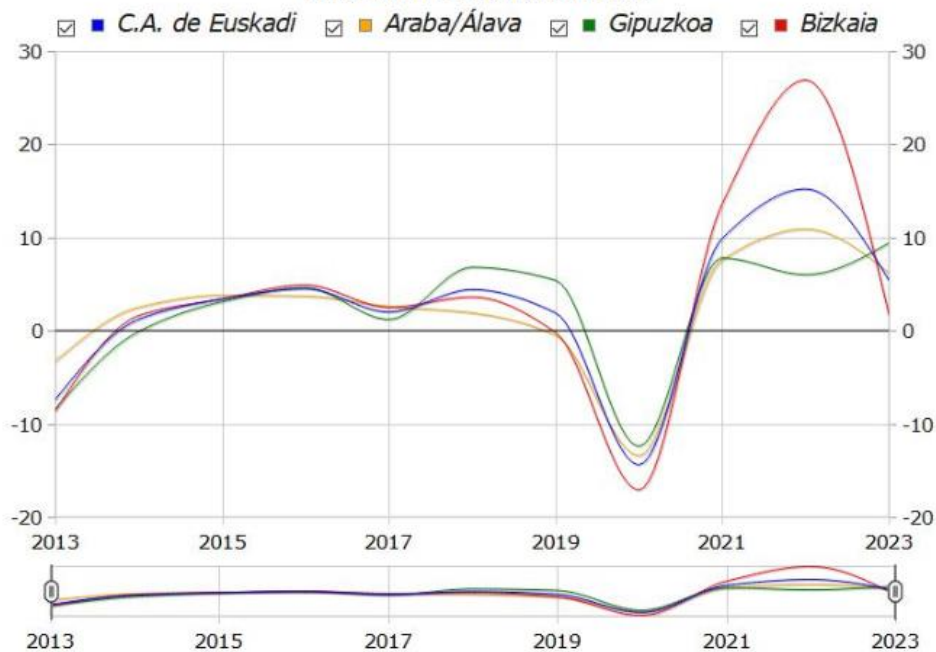
With regard to industrial employment, there was an increase in all three provinces, but it was Bizkaia where it was most noticeable. This province recorded the greatest increase in employment (2.1%), while Gipuzkoa and Álava saw rises of just 1.7% and 1.2%, respectively. In turn, the number of hours worked increased by 0.6% in Álava, 2.1% in Bizkaia and 1.8% in Gipuzkoa.

As for the number of industrial establishments, this figure dropped by 1.2% in Gipuzkoa and 1.1% in Álava, but was up 0.4% in Bizkaia.

Lastly, as regards personnel costs, increases were recorded in all three provinces: they were up 9.2% in Bizkaia, 7.8% in Gipuzkoa and 6.6% in Álava.

Gross value added to factor costs of the industry sector of the Basque Country by province

Interannual variation rate



Source: Eustat. Industrial Survey

The aforementioned results had a knock-on effect on the gross value added generated by industry in each province. Thus, the figure for 2023 was 9.4% higher than that for 2022 in Gipuzkoa, 6.2% higher in Álava and 1.7% higher in Bizkaia. Measured per person employed, apparent labour productivity revealed that Bizkaia and Gipuzkoa were the provinces at either end of the scale: in the former, the upturn in productivity stood at -0.4%, while in the latter, it was 7.6%; Álava, in between the two, saw its average productivity rise by 4.9%.

With regard to costs per person employed, Bizkaia was the province where they underwent the greatest adjustment, with an increase of 7.0% compared to 5.3% in Álava and 6.0% in Gipuzkoa. Thus, the average cost per person in Bizkaia was the lowest out of the three provinces, standing at 50,059 euros, while in Álava it was 51,138 euros and in Gipuzkoa 51,611 euros. Based on these data, we can conclude that wage-adjusted labour productivity was 155.0% of average costs in Gipuzkoa, whereas in Álava it was 167.2% and in Bizkaia 175.5%.

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