



Autonomous Community Profiles

Basque Country



2,189,000
inhabitants
(2019)



€34,142
GDP per capita
(2019)



6.0%
of Spanish GDP
(2019)



4.2%
GDP growth forecast
(2021)

Regional economic structure and position

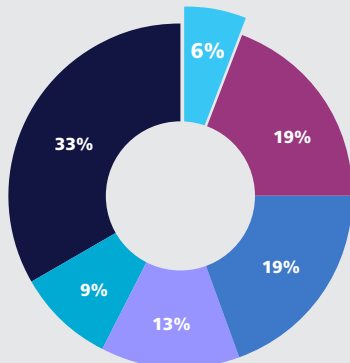
- The Basque Country has **2.19 million inhabitants**, 4.6% of the national total, and it is the seventh largest Autonomous Community in Spain in terms of population.
- The GDP of this Autonomous Community is 74.8 billion euros, which accounts for **6% of Spain's GDP**, making it the fifth highest of all regions in the country.
- Its **GDP per capita** is 34,142 euros, the second highest in Spain (29% above the national aggregate). Álava is notable for being the province with the highest GDP per capita in Spain, 41% above the average.
- In terms of **sectoral composition**, the Basque Region's manufacturing industry contributes a significant proportion of its GDP (21.4%), the third highest after Navarra and La Rioja. It accounts for around 10.5% of the output of Spain's manufacturing industry. In particular, it specialises in the manufacture of machinery, capital goods, metal products and transport equipment.
- The latter explains the importance of **exports of goods to its regional GDP** (34.1% compared to the Spanish average of 23.4%). It has total export sales of 20.900 billion euros (2020), 8% of all Spanish exports.
- The main goods exported are: land vehicles (23.4% of the total), nuclear reactors, boilers and mechanical machines (15.1%) and iron and steel and their manufactured goods (13.7%).

Table of structural indicators

		1989	1999	2009	2019
GDP per capita	Euros	8,824	17,582	29,364	34,142
	100 = Spain	118.8	120.3	127.3	129.2
Population	Thousands of inhabitants	2,117	2,085	2,180	2,189
	Average annual growth over the decade (%)	0.0	-0.2	0.4	0.0
	% of total in Spain	5.4	5.2	4.7	4.6
	% of population > 65 years old	4.3	5.6	5.0	5.9
Exports of goods as a proportion of GDP	%	...	26.9	23.4	34.1

GDP by Autonomous Community

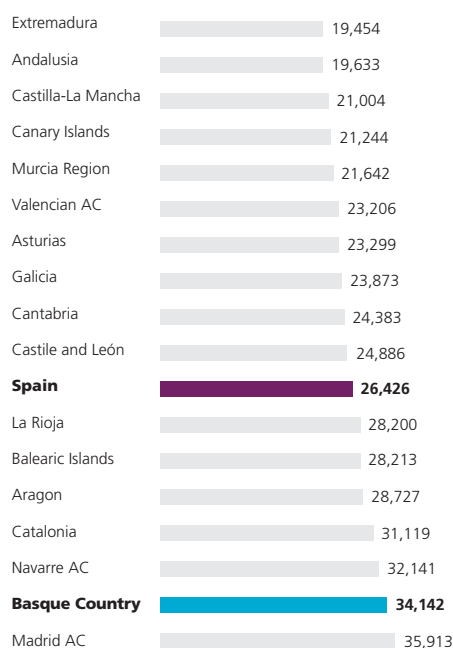
(% OF SPAIN AS A WHOLE)



- Basque Country
- Madrid AC
- Catalonia
- Andalusia
- Valencian AC
- Others

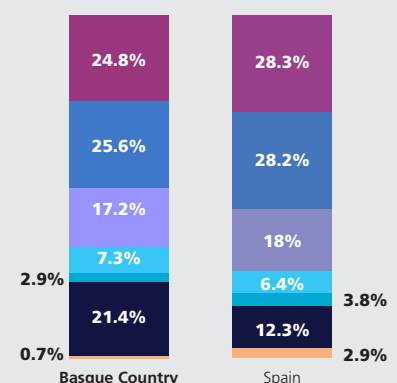
GDP per capita

(EUROS)



Productive sectors

(AS A % OF GVA)



- Trade, transportation, accommodation and leisure
- Industry-related services
- General government and defence
- Construction
- Extractive industry
- Manufacturing industry
- Agriculture

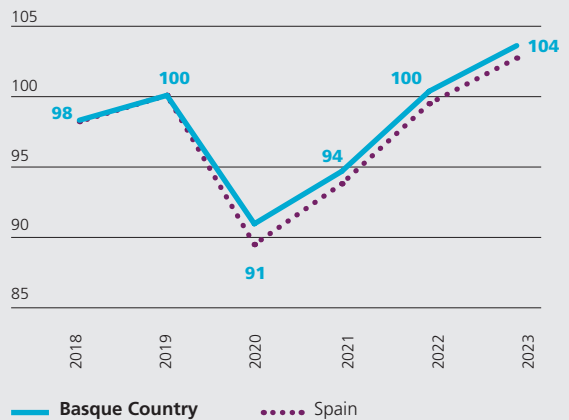
Source: CaixaBank Research, based on data from the National Statistics Institute (INE) and DataComex.

Macroeconomic situation

We estimate that **Basque GDP shrank by 9.3% in 2020**, less than Spain as a whole (–10.8%), due to the lesser importance to its economy of the service sectors that were hardest hit by the restrictions imposed to control the pandemic. However, the decline was steeper than in other regions that also have a high level of industrial specialisation.

Our forecasts suggest a moderate recovery of the economy in 2021, with a GDP flash estimate of 4.2%, which would put it 5.5% below pre-COVID levels (vs 6.4% for Spain overall). Although the consumption and service sector indicators show a significant improvement in 2021, the upswing in exports and industrial activity is more restrained. Nevertheless, we expect Basque GDP to return to pre-crisis levels in 2022, supported by the implementation of the first NGEU funds and the effect of pent-up demand.

GDP (INDEX 100 = 2019)



Source: CaixaBank Research.



The Basque Country recorded a fall in **registered employment (Social Security affiliates)** in 2020, 1.3% compared to the Spanish average of –2.1%. In recent months, the recovery in employment has been gaining momentum, both due to the increase in registered workers and the fall in furloughed workers. Since the end of 2020, the number of registered workers who are not being furloughed has increased by 27,459 (3.7%). The number of **furloughed workers** stood at 10,430 in August, 1.3% of registered workers. The unemployment rate rose to 10%, from a low of 8.6% in Q2 2019, although it remains the lowest of all Autonomous Communities.



Basque **industrial activity** was harder hit by the pandemic than Spain on average, so the IPI fell by 14.1% in 2020 compared with –9.2% in Spain as a whole. The recovery of industrial production in 2021 has been negatively affected by supply shortages in recent months. Cumulatively, in the seven first months of the year, the IPI rose by 12.4% on the

figure for 2020, but it is still 6.5% below 2019 levels (–4.1% on average in Spain).



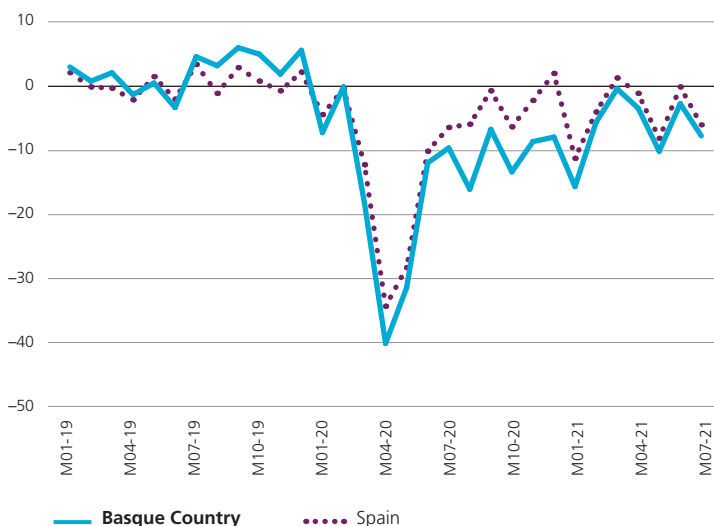
Much like industry, **exports** experienced a significant contraction in 2020 (–18.1%), far above the Spanish average (–10.2%), mainly due to the steep decline in exports of transport and energy products. In the first seven months of this year, exports rebounded by 23% year-on-year, although they remain 5.8% below the figures recorded in 2019. The region continues to have a substantial international trade surplus and a positive coverage ratio (129%).



In 2020, there was a more moderate fall in **retail trade sales** (–2.1%) than the average figure (–5.6%) and it is closer (1.7%) to average levels in 2019 (3.4%). In turn, the **CaixaBank consumption indicator** shows a gradual improvement in card spending, with a 4.2% increase in the first week in September, compared to a fall of around 6% in May.

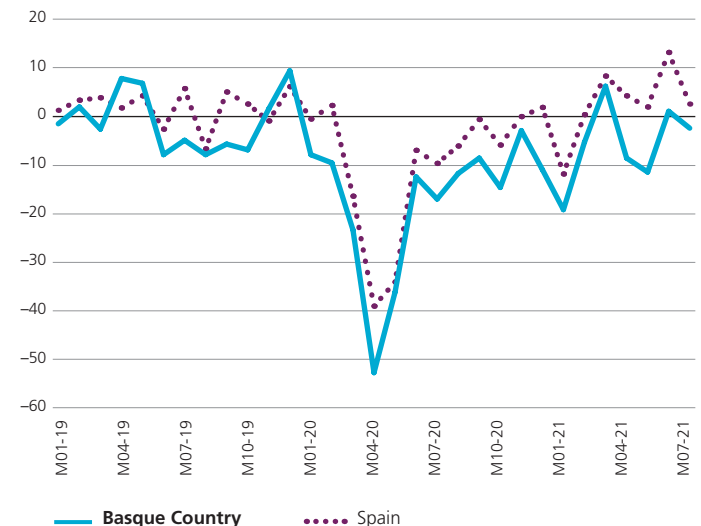
Industrial production index

(% YEAR-ON-YEAR CHANGE)¹



Exports of goods

(% YEAR-ON-YEAR CHANGE)¹








Note: 1. From January 2021, each month is compared with the same period in 2019.

Source: CaixaBank Research, based on data from the National Statistics Institute (INE) and DataComex.

Table of indicators

Basque Country
Average in Spain

		2002-2007 average	2008-2014 average	2015-2018 average	2019	2020	2021	Latest figure
 Activity and prices	Real GDP* (% year-on-year change)	3.0 3.5	-1.0 -1.3	2.4 2.8	1.8 2.0	-9.3 -10.8	— —	2020
	Retail trade** (% cumulative annual change)	— —	-3.6 -3.7	0.7 1.8	0.9 2.5	-2.1 -5.6	-1.7 -3.4	July-21
	Industrial production index** (% cumulative annual change)	4.2 1.9	-5.3 -4.2	1.9 1.7	2.4 0.6	-14.1 -9.2	-6.5 -4.1	July-21
	Service activity index** (% cumulative annual change)	— —	-3.2 -3.4	5.2 5.5	4.2 3.9	-12.4 -15.6	-2.6 -6.4	July-21
	Consumer price index (% year-on-year change)	3.1 3.1	1.5 1.4	1.2 1.1	1.0 0.7	-0.1 -0.3	2.9 2.9	July-21
 Labour market	Registered employment affiliated to Social Security** (% year-on-year change)	2.2 3.5	-1.7 -2.3	2.2 3.4	2.0 2.6	-1.3 -2.1	-0.4 0.8	August-21
	Unemployment rate (% active population)	8.3 10.0	12.8 20.8	12.2 18.5	9.2 14.1	9.5 15.5	10.0 15.3	Q2 2021
	Unemployment rate for under 25s (% active population < 25)	21.2 20.4	35.7 44.5	32.0 41.5	27.4 32.6	32.8 49.6	37.8 38.4	Q2 2021
 Public sector	Public deficit (% of GDP)	-1.1 -0.3	-3.7 -2.5	-1.1 -0.8	0.5 -0.6	-1.1 -0.2	— —	2020
	Autonomous Communities public debt (% of GDP)	2.4 6.0	8.2 13.8	15.2 24.5	12.7 23.7	16.1 27.1	16.4 27.6	Q1 2021
 Real estate market	Housing prices (% year-on-year change)	— —	-7.4 -6.8	4.4 5.8	4.3 5.1	2.3 2.1	2.6 3.3	Q2 2021
	Housing sales (% cumulative annual change)	— —	-7.8 -8.7	12.5 13.4	2.2 -2.4	-14.2 -17.2	21.1 31.8	June-21
 Foreign sector and tourism	Exports of goods** (% cumulative annual change)	10.8 6.8	1.7 4.2	5.6 4.5	-1.1 2.0	-18.1 -10.2	-5.8 2.8	July-21
	Tourist overnight stays** (% cumulative annual change)	6.5 2.4	3.2 1.1	6.7 3.4	4.2 0.6	-58.8 -69.3	-49.1 -63.9	July-21

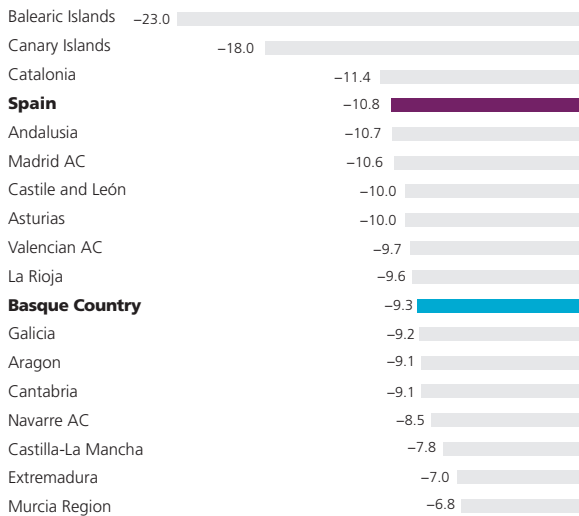
Notes: *The 2020 GDP figure for Autonomous Communities is an estimate made by CaixaBank Research. ** The changes from the same period in 2019 are calculated.

Source: CaixaBank Research, based on data from the National Statistics Institute (INE), the Bank of Spain, the Ministry of Labour, Migration and Social Security (MITRAMISS), the Ministry of Finance and DataComex.

Regional comparison

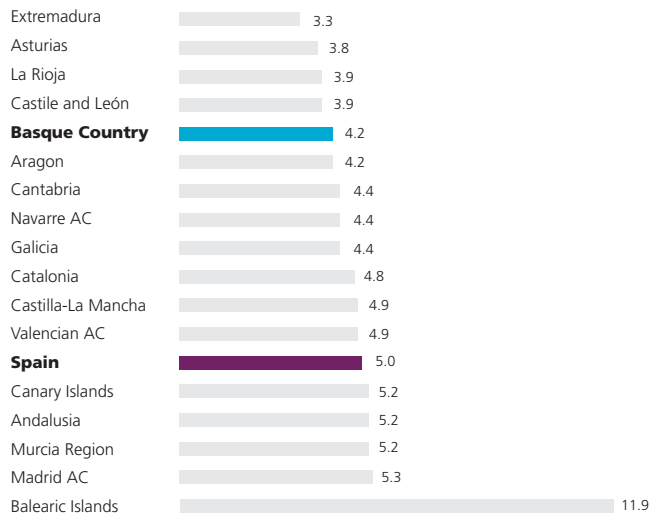
GDP (2020)

(ANNUAL CHANGE)



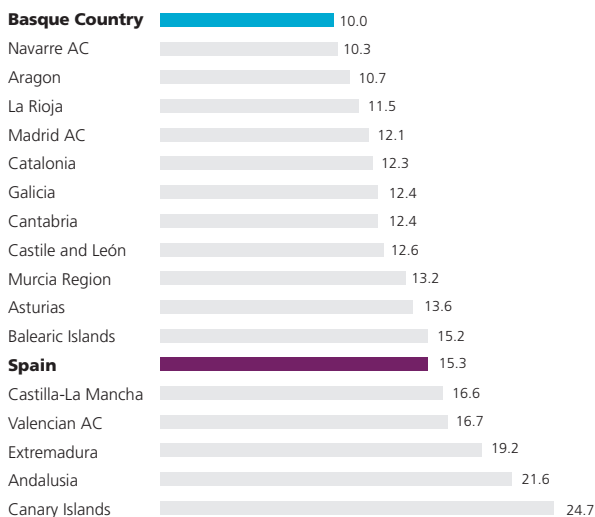
GDP growth forecast (2021)

(ANNUAL CHANGE)



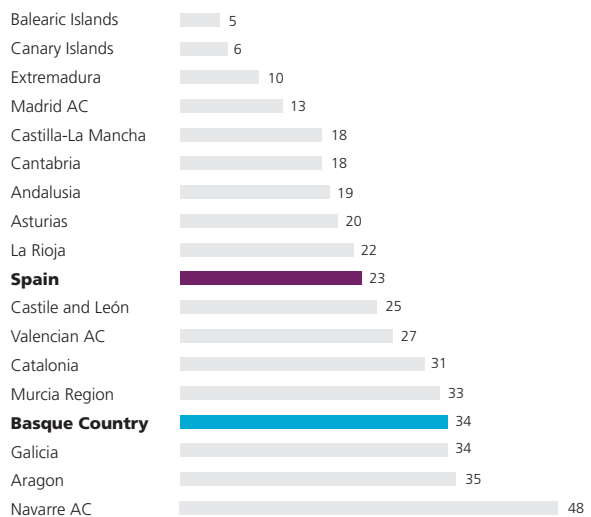
Unemployment rate (Q2 2021)

(% OF ACTIVE POPULATION)



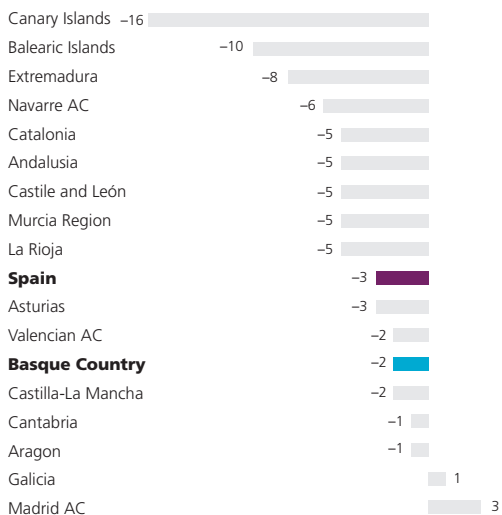
Weight of exports of goods (2019)

(% OF GDP)



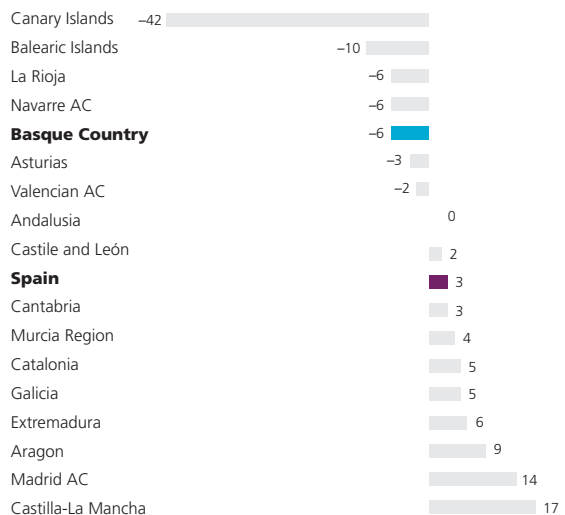
Retail trade (July 2021)

(CHANGE FROM THE SAME PERIOD IN 2019)



Exports of goods (July 2021)

(CHANGE FROM THE SAME PERIOD IN 2019)



Source: CaixaBank Research, based on our own estimates and data from the National Statistics Institute (INE) and DataComex.



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