

# INTANGIBLE ECONOMY IN THE BASQUE COUNTRY

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## What are intangible assets?

**Intangible assets are non-physical goods that, despite lacking a tangible presence, generate sustained economic value over time.** They include elements such as software, R&D, design, brand image, workforce training, and corporate organizational structures. Although many of these assets are not part of national accounts, in recent decades the idea has gained ground that they are fundamental for economic development. This view has been particularly reinforced since the work of authors like Corrado, Hulten and Sichel, who argued that many of these expenditures should be considered investments rather than intermediate consumption, as they generate value beyond the short term.

Their relevance lies in their ability to drive productivity, innovation, and territorial development. In a context shaped by digitalization and artificial intelligence, intangibles emerge as a **strategic factor**. Based on the latest [COTEC](#) report, we analyze the state of the intangible economy in the Basque Country, identifying its main strengths and challenges.

## How much does the Basque Country invest in intangibles?

**Despite the Basque Country's long-standing leadership in competitiveness and innovation at the national level** (as reflected in its position in the latest [RIS ranking](#)), **investment in intangible assets** represents just 7.2% of GDP—below the national average of 7.8%. While in terms of accumulated capital stock (intangibles stock) the Basque Country is on par with the Spanish average, its current investment levels remain lagging. This gap becomes even wider when compared to other European economies, particularly leaders such as Germany (9.2%) or the United Kingdom (12.3%), and even Southern European countries like Portugal or Italy, where investment efforts are relatively stronger.

It is worth noting, however, that **the Basque Country has exceeded the Spanish average at various points in recent decades**. Yet, **recent trends show more volatility and clear signs of stagnation**: since 2012, intangible investment as a share of GDP has remained flat. This evolution, as seen in the following chart, contrasts with the national average.

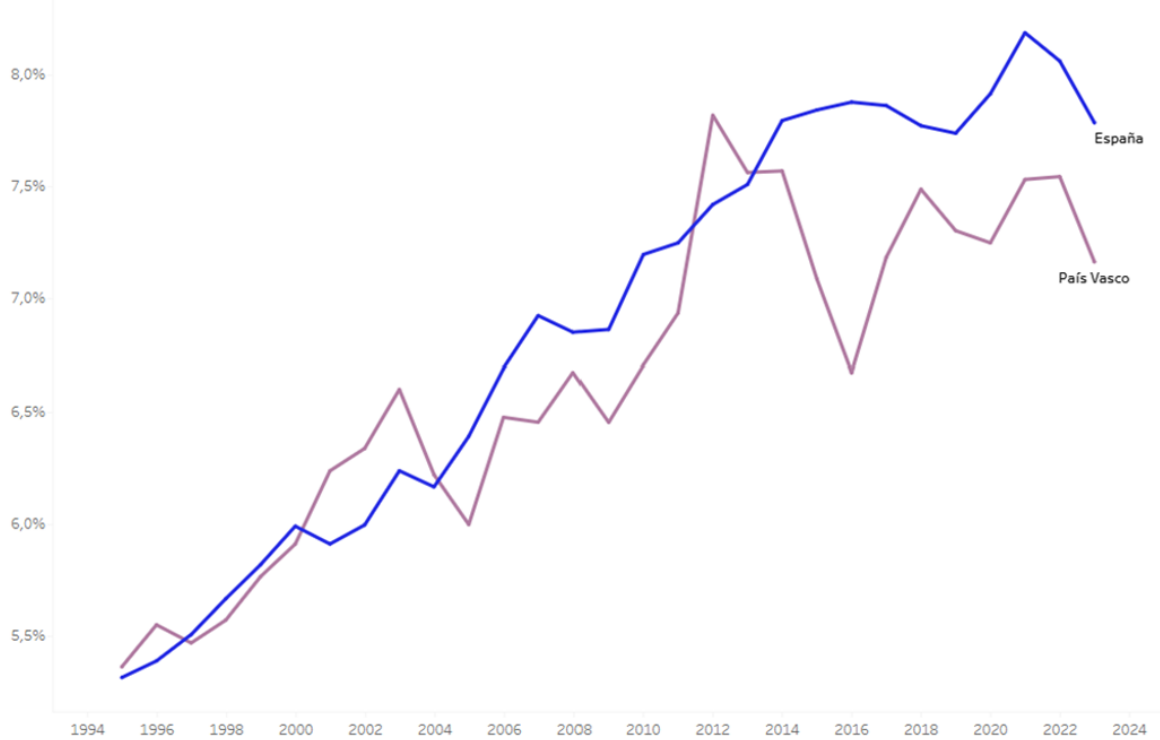


Illustration 1: Investment in intangible assets 1995–2023 (% GDP). Source: The Intangible Economy in Spain (2024), COTEC.

Compared with other autonomous communities, the Basque Country **ranks fifth** in **intangible investment**. In line with previous observations, its evolution places it in the category of “**stagnant leadership**,” alongside Navarra and Catalonia: regions that started at a high level in 1995 but have since posted weak growth. Only the Community of Madrid falls into the “reinforced leadership” category, combining a strong initial position with significant growth, while the rest of the regions display divergent trajectories.

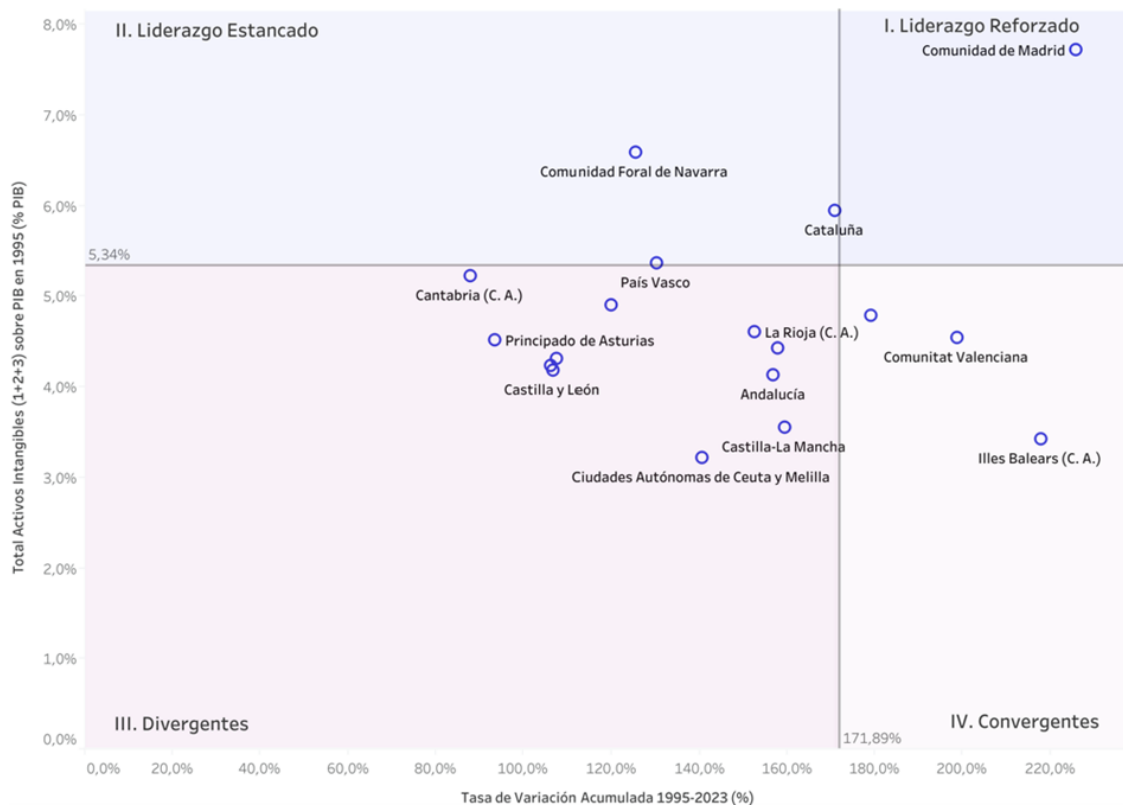


Illustration 2: Deviation from national average of intangible investment effort (investment/GDP) and intangible investment growth rate by regions (1995–2023). Source: The Intangible Economy in Spain (2024), COTEC.

# Which assets are being invested in? Where does the Basque Country stand out?

Beyond the overall volume of investment, it is crucial to analyze **which types of intangible assets receive funding**. Investment is distributed across **seven key categories**: R&D, software, human capital, design, brand image, organizational structure, and other intellectual property-related assets.

**In most of these**, the Basque Country **falls below the national average**, with **two notable exceptions: new product design and research and development (R&D)**, where it ranks alongside Madrid at the top. These two areas not only reflect the region's competitive strengths but also carry the greatest weight within the overall structure of intangible investment. By contrast, software represents the weakest point: despite being a critical component of intangibles, the Basque Country lags behind in relative performance in this category.

## Sectoral composition

From a sectoral perspective, intangible investment in the Basque Country is clearly led by **advanced services**—professional, financial, and insurance activities—which account for roughly **one-quarter of the total, a higher share than the national average**. This group not only maintains historical leadership but **has strengthened its position over the past decade**, especially in areas such as **R&D and new product design**, consolidating itself as the main intangible driver of the Basque economy. This pattern mirrors the national level, where advanced services also top investment, followed by the **information and communications sector**.

Key sectors in the Basque Country include **information and communications (9%), financial activities (8%), and trade and repair (7%)**, all with significant levels of investment. The **metallurgical sector** continues to hold **considerable weight (6.5%)**, though its intangible investment has been declining in recent decades. Meanwhile, more traditional sectors such as **construction** or **agriculture** have lost prominence, falling below average and showing limited transformation.

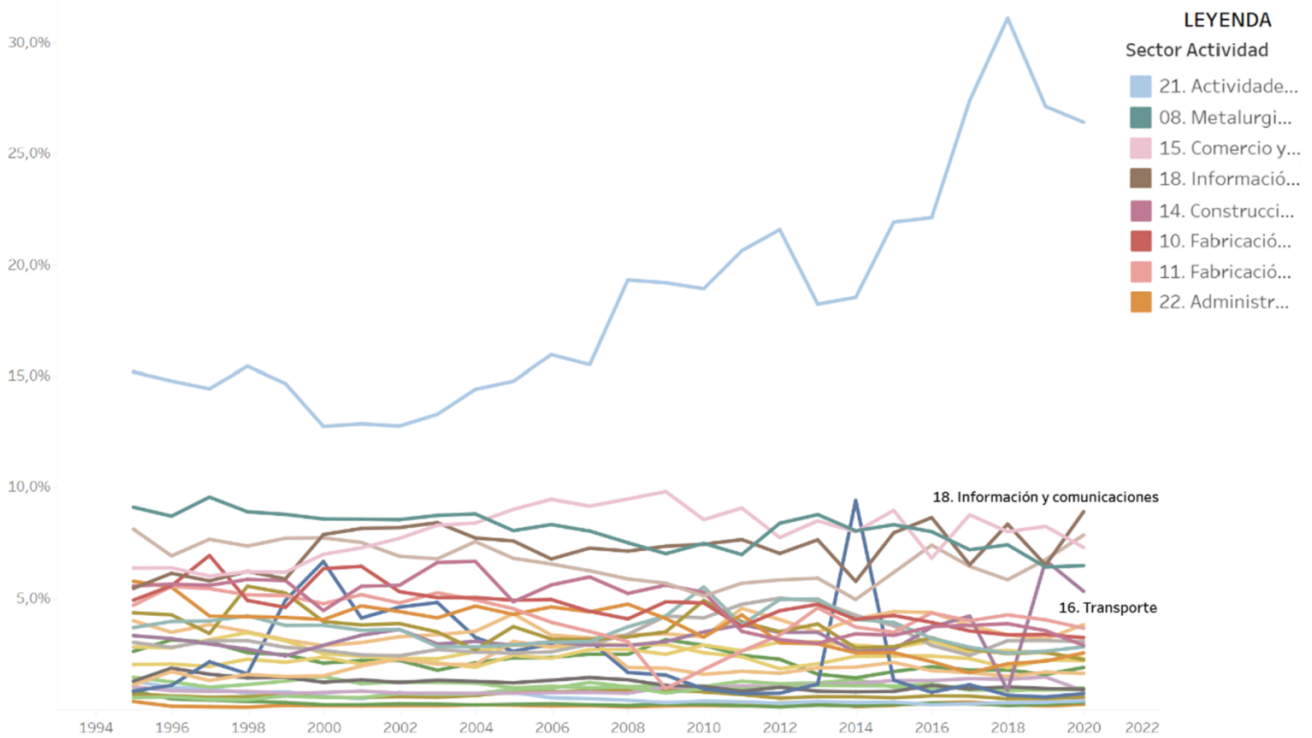


Illustration 3: Investment in intangible assets by sector 1995–2020. Source: The Intangible Economy in Spain (2024), COTEC.

## Conclusión

**Despite its strong record in competitiveness and innovation, the Basque Country reveals a growing mismatch between its potential and its actual performance in intangible investment.** Its leadership in areas such as R&D and new product design contrasts with prolonged stagnation in overall intangible investment, which remains below the national average and lags further behind Europe’s most advanced economies. This **“stagnant leadership”** highlights significant room for improvement—particularly in areas such as software and human capital—on the path toward a knowledge-based economy. Reversing this trend will require policies that boost sustained investment in strategic intangibles, diversify sectoral presence, and strengthen key capacities to successfully meet the challenges of digitalization and productive transformation.

