

QUARTERLY ECONOMIC ACCOUNTS OF THE BASQUE COUNTRY (CET) 1ST QUARTER 2013

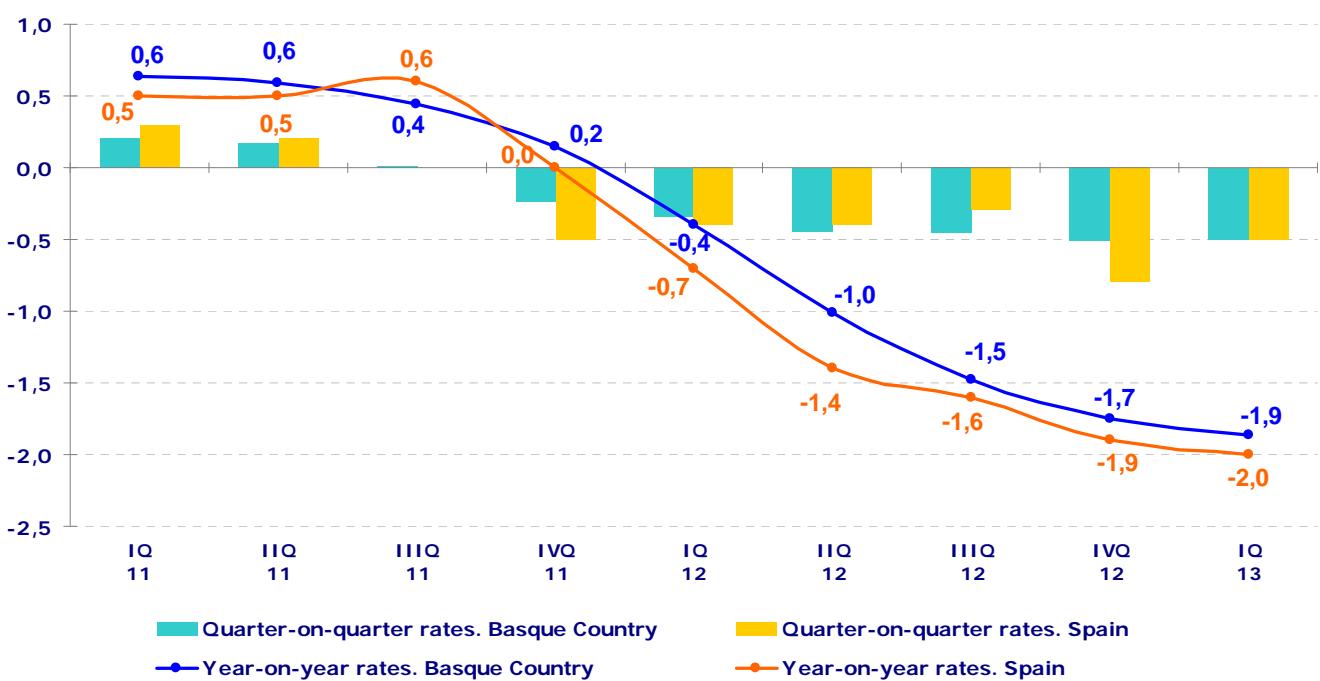
The GDP of the Basque Country registered a 1.9% year-on-year fall in the first quarter of 2013

The variation was also negative (0.5%) with respect to the previous quarter

The GDP of the Basque Country experienced a negative year-on-year rate of 1.9% in the first quarter of 2013, according to data provided by Eustat. This figure was an improvement of one-tenth on the downturn in the Spanish economy, which fell by a rate of 2.0%, in accordance with the advanced estimation prepared by the INE [Spanish National Statistics Institute].

With regards to the previous quarter, the GDP of the Basque Country registered a fall of 0.5% in this first quarter. This quarter-on-quarter variation was identical to that registered by the Spanish economy, according to the estimation by the INE.

Graph 1. GDP m/p. Year-on-year and month-on-month growth rates (%)



Source: EUSTAT - Quarterly Economic Accounts - and INE

From the point of view of supply, the year-on-year decrease in GDP is the result of the negative performance of the four large activity sectors. Both the Primary and the Industry sectors and, especially, the Construction sector suffered declines in activity levels. The same occurred in the Services sector, although in a less pronounced way.

Table 1. GDP m/p. Supply. Chain volume indexes. Year-on-year growth rates. Basque Country. %

	2011	2012	2012				2013
			I	II	III	IV	
AGRICULTURE AND FISHING	-1,9	5,9	12,8	3,9	-2,1	8,4	-5,0
INDUSTRY AND ENERGY	2,0	-2,4	-1,4	-2,4	-2,8	-3,1	-3,0
Manufacturing industry	3,6	-2,1	-0,2	-2,3	-2,6	-3,2	-3,2
CONSTRUCTION	-5,9	-6,3	-6,3	-6,4	-6,1	-6,3	-6,8
SERVICES	0,8	-0,3	0,4	0,0	-0,6	-0,9	-1,0
Trade, hotel management & catering and transport	0,0	-1,1	0,0	-1,0	-1,3	-2,0	-2,0
Public administration, education, health and social services	3,9	0,0	2,5	1,1	-1,5	-1,9	-1,7
Other services	-0,4	0,1	-0,4	0,0	0,4	0,3	0,0
GROSS ADDED VALUE at basic prices	0,5	-1,2	-0,5	-1,1	-1,6	-1,8	-2,0
Net taxes on products	0,2	-0,3	0,7	-0,2	-0,5	-1,3	-0,9
Gross Domestic Product at market prices	0,5	-1,2	-0,4	-1,0	-1,5	-1,7	-1,9

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

The **Primary** sector registered downturns in both year-on-year terms, with a drop of 5.0%, and month-on-month terms (-20.1%).

The **Industry** sector performed negatively for the fifth consecutive quarter in year-on-year terms (-3.0%), and in quarter-on-quarter terms (-0.1%) for the seventh consecutive quarter. However, the downward slope of the quarter-on-quarter evolution was more moderate compared to the data observed in the fourth quarter of 2012 (-1.9%).

Table 2. GDP m/p. Supply. Chain volume indexes. Year-on-year growth rates. Basque Country. %

	2012				2013
	I	II	III	IV	
AGRICULTURE AND FISHING	-8,8	-27,5	25,3	31,0	-20,1
INDUSTRY AND ENERGY	-0,3	-0,2	-0,8	-1,9	-0,1
Manufacturing industry	1,5	-1,9	-1,2	-1,7	1,5
CONSTRUCTION	-2,1	-3,1	-1,6	0,3	-2,6
SERVICES	0,2	0,1	-0,6	-0,6	0,1
Trade, hotel management & catering and transport	-0,4	-0,5	-1,0	-0,2	-0,4
Public administration, education, health and social services	1,5	0,2	-0,1	-3,4	1,7
Other services	-0,1	0,4	-0,7	0,7	-0,4
GROSS ADDED VALUE at basic prices	-0,2	-0,5	-0,6	-0,6	-0,3
Net taxes on products	-2,1	-0,3	0,8	0,2	-1,7
Gross Domestic Product at market prices	-0,3	-0,4	-0,5	-0,5	-0,5

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

The contraction of the**Construction** sector was more pronounced, with a downturn in activity of 6.8% in year-on-year terms in this quarter. This decrease was five tenths up on the fall observed in the previous quarter. Following a fourth quarter of 2012 with a positive quarter-on-quarter rate (+0.3%), this first quarter was negative again (-2.6%).

The overall activity of the **Services** sector showed a year-on-year fall of 1.0%, one tenth more pronounced than that of the fourth quarter of 2012, with a progressive loss of activity being observed, although this was more moderate in the first quarter of 2013. In fact, there was slight growth in the quarter-on-quarter rate, registered at 0.1%.

In year-on-year terms the most significant decrease in the activity level of the services sector was produced in the **Trade, Hotel Management & Catering and Transport** branch with a negative rate of 2.0%, followed by the **Public Administration, Education, Health and Social Services** branch with a fall of 1.7%. The **Other Services** branch, which includes, amongst others, professional, finance and insurance activities, was the only branch to experience a downturn, although its growth rate was nil (0.0%).

In quarter-on-quarter terms the greatest growth was produced in the **Public Administration, Education, Health and Social Services** branch, with a rise of 1.7%. Both the **Trade, Hotel Management & Catering and Transport** branch and the **Other Services** branch registered negative rates, each down 0.4%.

The aggregated sectorial performance has given rise to a negative evolution of **Added Value** of -2.0% in year-on-year terms and of -0.3% in quarter-on-quarter terms. For a further quarter, the year-on-year variation emphasised the fall initiated in the first quarter of 2012, although the quarter-on-quarter fall (-0.3%) was half of that registered in the fourth quarter of 2012.

Table 3. GDP m/p. Demand. Chain volume indexes. Year-on-year growth rates. Basque Country. %

	2011	2012	2012				2013
			I	II	III	IV	
FINAL CONSUMPTION EXPENDITURE	0,2	-1,2	0,0	-1,7	-1,5	-1,6	-1,2
Household final consumption expenditure and ISFLSH	0,3	-1,0	0,0	-1,4	-0,9	-1,6	-1,7
Public administrations final consumption expenditure	-0,1	-2,1	-0,2	-2,9	-3,4	-1,6	0,5
GROSS CAPITAL FORMATION	-1,8	-5,4	-5,5	-5,8	-4,9	-5,5	-4,7
Gross fixed capital formation in equipment goods	7,1	-4,0	-1,3	-4,0	-4,8	-5,8	-2,8
Rest of gross capital formation	-5,1	-6,0	-7,1	-6,5	-5,0	-5,4	-5,5
INTERNAL DEMAND	-0,3	-2,2	-1,4	-2,7	-2,3	-2,5	-2,0
EXPORT OF GOODS AND SERVICES	5,5	-5,2	-2,6	-0,1	-8,1	-9,6	-6,5
IMPORT OF GOODS AND SERVICES	4,0	-6,4	-3,8	-2,7	-8,8	-10,2	-6,5
Gross Domestic Product at market prices	0,5	-1,2	-0,4	-1,0	-1,5	-1,7	-1,9

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts.

From the point of view of Demand, although the contribution of the foreign sector to GDP growth was slightly up, there was a certain decline in the contribution of the foreign sector to the GDP evolution, with negative year-on-year performances both in export and import levels.

Household Final Consumption Expenditure (Private Consumption) again intensified its profile of deceleration observed in previous quarters, presenting a decrease of 1.7% with regards to the same quarter of the previous year. This decrease was one tenth up on the previous quarter (-1.6%). In quarter-on-quarter terms the decrease stood at 0.1%, slightly better than the previous quarter (-0.9%).

Public Consumption (Final Expenditure of the Public Administrations), following six quarters of year-on-year negative rates, experienced positive growth of 0.5%. In quarter-on-quarter terms the increase stood at 4.4%.

The combination of positive year-on-year growth in **Final Consumption Expenditure of the Public Administrations** together with a negative performance in **Final Consumption Expenditure of Households**, generated a drop of 1.2% in **Final Consumption Expenditure**. With regards to the previous quarter there was growth of eight-tenths.

Gross Capital Formation (Investment) again decreased in year-on-year terms (-4.7%) in a more restrained manner than the previous quarter (-5.5%). In quarter-on-quarter terms there was also a decrease of 1.2%. The two components of Gross Capital Formation, both that linked to equipment goods and the rest linked to construction, posted negative year-on-year rates. In month-on-month terms the evolution of investment in equipment goods (0.5%) was better than investment linked to construction (-1.9%).

Internal Demand, made up of Final Consumption Expenditure and Gross Capital Formation, slowed down its contraction compared to the fourth quarter of 2012. In year-on-year terms the downturn observed in this quarter stood at 2.0%, compared to the 2.5% drop in the previous quarter.

Table 4. GDP m/p. Demand. Chain volume indexes. Year-on-year growth rates. Basque Country. %

	2012				2013
	I	II	III	IV	I
FINAL CONSUMPTION EXPENDITURE	0,5	-1,0	-0,1	-0,8	0,8
Household final consumption expenditure and ISFLSH	0,0	-0,9	0,2	-0,9	-0,1
Public administrations final consumption expenditure	2,2	-1,7	-1,4	-0,7	4,4
GROSS CAPITAL FORMATION	-2,1	-1,2	0,4	-2,8	-1,2
Gross fixed capital formation in equipment goods	-2,6	-0,7	-0,4	-2,2	0,5
Rest of gross capital formation	-1,9	-1,3	0,8	-3,1	-1,9
EXPORT OF GOODS AND SERVICES	-2,0	-2,4	-0,8	-4,6	1,3
IMPORT OF GOODS AND SERVICES	-1,6	-3,2	-0,2	-5,5	2,5
Gross Domestic Product at market prices	-0,3	-0,4	-0,5	-0,5	-0,5

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

The contribution of the **Foreign** sector to GDP evolution was positive as in the previous quarters, despite a moderation in the contribution of the foreign sector to GDP growth, in a context of contraction in foreign trade. This positive contribution from the foreign balance was produced with an equal year-on-year drop in exports and in imports of -6.5%.

The fall both in GDP both in year-on-year and quarter-on-quarter terms generated a new decrease in the employment level, measured in **Full-Time Equivalent Jobs**. The drop in employment stood at 2.9% in year-on-year terms. In quarter-on-quarter terms the fall stood at 0.7%.

The drop in the employment level was produced in all activity branches in year-on-year terms. In quarter-on-quarter terms only the Services sector showed slight growth of 0.1%. Industry continued on its year-on-year decline with a drop of 5.3% and also fell by 1.7% in relation to the previous quarter. Employment in the Construction sector revealed a profile with sharper declines than Industry. Compared to the same quarter of the previous year the drop in the employment level stood at 12.7%. With regards to the fourth quarter of 2012 the loss stood at 5.0%. The Services sector saw its sixth consecutive year-on-year decrease, with a drop of 1.0%. In quarter-on-quarter

terms slight growth of 0.1% was observed. Moreover, the employment level was down in the primary sector both in year-on-year (-5.5%) and quarter-on-quarter (-0.2%) terms.

Regarding the evolution of **GDP by Province**, in year-on-year terms Gipuzkoa showed the largest downturn with 2.1%, followed by Álava with a drop of 2.0% and Bizkaia, with a downturn registered at 1.7%. In quarter-on-quarter terms Álava was down by 0.5%, Gipuzkoa by 0.6% and Bizkaia by 0.3%.

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