

QUARTERLY ECONOMIC ACCOUNTS OF THE BASQUE COUNTRY (CET) 2ND QUARTER 2013

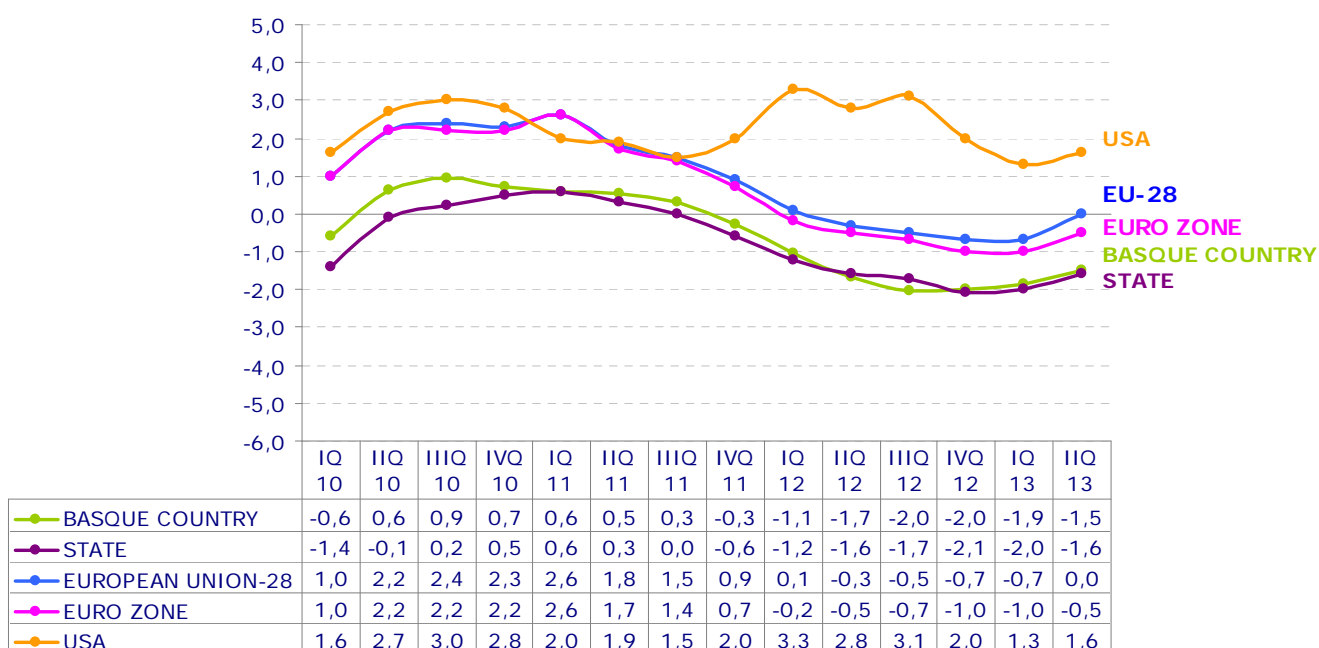
The GDP of the Basque Country registered a 1.5% year-on-year fall in the second quarter of 2013

The variation was also negative (0.1%) with regards to the previous quarter

The GDP of the Basque Country experienced a negative year-on-year rate of 1.5% in the second 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 1.6%, 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 0.1% in this second quarter. This quarter-on-quarter variation was identical to that registered by the Spanish economy.

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



Source: EUSTAT - Quarterly Economic Accounts - and Eurostat

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 saw downturns in their 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	I	II
AGRICULTURE AND FISHING	7,9	8,7	15,8	3,2	-2,0	16,3	-5,0	-1,6
INDUSTRY AND ENERGY	1,6	-3,7	-3,2	-4,1	-4,2	-3,8	-3,0	-2,7
Manufacturing industry	3,0	-3,7	-2,4	-4,5	-4,4	-4,2	-3,2	-2,5
CONSTRUCTION	-7,9	-8,2	-9,3	-8,6	-7,7	-7,1	-6,8	-6,6
SERVICES	0,9	-0,4	0,5	-0,1	-0,7	-1,0	-1,0	-0,7
Trade, hotel management & catering and transport	-0,6	-1,1	-0,3	-1,0	-1,3	-1,9	-2,0	-1,6
Public administration, education, health and social services	3,5	0,4	2,6	1,4	-0,9	-1,7	-1,7	-0,4
Other services	0,4	-0,3	-0,2	-0,4	-0,3	-0,2	-0,2	-0,1
GROSS ADDED VALUE at basic prices	0,3	-1,7	-1,1	-1,7	-2,1	-2,0	-1,9	-1,6
Net taxes on products	-0,2	-1,1	-0,3	-1,1	-1,2	-1,6	-0,9	-0,5
Gross Domestic Product at market prices	0,3	-1,6	-1,1	-1,7	-2,0	-2,0	-1,9	-1,5

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

The **Primary** sector registered falls in both year-on-year terms, with a decrease of 1.6%, and month-on-month terms (-24.9%).

For the seventh consecutive quarter the Industrial sector posted a negative performance in year-on-year terms (-2.7%), and for the first time since the third quarter of 2011 recorded a month-on-month positive performance, of 0.1%. This month-on-month positive figure was linked to a moderation of three tenths in the year-on-year fall.

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

	2012				2013	
	I	II	III	IV	I	II
AGRICULTURE AND FISHING	-2,2	-27,5	25,3	31,0	-20,1	-24,9
INDUSTRY AND ENERGY	-0,9	-0,2	-0,8	-1,9	-0,2	0,1
Manufacturing industry	0,6	-1,9	-1,2	-1,7	1,5	-1,2
CONSTRUCTION	-2,9	-3,1	-1,6	0,3	-2,6	-2,9
SERVICES	0,1	0,1	-0,6	-0,6	0,1	0,5
Trade, hotel management & catering and transport	-0,2	-0,5	-1,0	-0,2	-0,3	-0,2
Public administration, education, health and social services	1,7	0,2	-0,1	-3,4	1,7	1,4
Other services	-0,6	0,4	-0,7	0,7	-0,6	0,4
GROSS ADDED VALUE at basic prices	-0,4	-0,4	-0,6	-0,6	-0,4	-0,1
Net taxes on products	-2,3	-0,3	0,8	0,2	-1,7	0,1
Gross Domestic Product at market prices	-0,6	-0,4	-0,4	-0,5	-0,5	-0,1

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

The contraction of the **Construction** sector was more moderate, with a year-on-year drop in activity of 6.6% in this quarter. This decrease was two tenths less than the fall observed in the previous quarter. In month-on-month terms the drop (-2.9%) was three tenths greater than that observed in the previous quarter.

Overall activity of the **Services** sector showed a year-on-year fall of 0.7%, three tenths less than that observed in the first quarter of 2013, moderating the loss of activity that occurred over 2012. In fact, the quarter-on-quarter rate reflected slight growth, registered at 0.5%.

In year-on-year terms, the three subsectors that make up the services sector posted negative variation rates.

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 1.6%, followed by the **Public Administration, Education, Health and Social Services** branch with a fall of 0.4%. The **Other Services** branch, which includes, amongst others, professional, finance and insurance activities, also witnessed a negative year-on-year evolution of 0.1%.

In quarter-on-quarter terms the greatest growth was produced in the **Public Administration, Education, Health and Social Services** branch, with a rise of 1.4%. **Other Services** was also up by 0.4%. On the other hand the **Trade, Hotel Management & Catering and Transport** branch posted a negative month-on-month rate for the sixth consecutive quarter, of 0.2%.

The aggregated sectorial performance gave rise to a negative evolution of **Added Value** of -1.6% in year-on-year terms and of -0.1% in quarter-on-quarter terms. Both the year-on-year and month-on-month variations moderated their downward trends by three tenths, compared to that produced in the first quarter of 2013.

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

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

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts.

From the point of view of Demand, the foreign sector again contributed positively to GDP growth, with positive performances both in year-on-year and month-on-month terms in levels of exports and imports, exports showing greater dynamism than those of imports.

Household Final Consumption Expenditure (Private Consumption) moderated its profile of deceleration observed in previous quarters, presenting a decrease of 0.9% with regards to the same quarter of the previous year. This fall is eight tenths less than that recorded for the previous quarter. In month-on-month terms the growth rate was zero compared to a decrease of 0.1% in the previous quarter.

Public Consumption (Final Consumption Expenditure of the Public Administrations) returned to negative figures, with a decrease of 2.1%, following a first quarter with a positive year-on-year rate. In quarter-on-quarter terms the decrease was greater, standing at 4.3%.

The overall performance of the **Final Consumption Expenditure of Public Administrations together with the Final Consumption Expenditure of Households** led to a drop of 1.1% in Final Consumption Expenditure. With regards to the previous quarter there was growth of one percentage point.

Gross Capital Formation (Investment) again decreased in year-on-year terms (-4.0%) again in a slightly more restrained manner than the previous quarter (-4.7%). In quarter-on-quarter terms there was also a decrease of 0.4%. 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 (1.0%) was better than investment linked to construction (-1.1%).

Internal Demand, composed of Final Consumption Expenditure and Gross Capital Formation, slowed down its contraction compared to the first quarter of 2013. In year-on-year terms the downturn observed in this quarter stood at 1.8%, compared to the 2.0% 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	II
FINAL CONSUMPTION EXPENDITURE	0,6	-1,0	-0,2	-0,8	0,8	-1,0
Household final consumption expenditure and ISFLSH	0,0	-0,9	0,2	-0,9	-0,1	0,0
Public administrations final consumption expenditure	2,7	-1,7	-1,4	-0,7	4,4	-4,3
GROSS CAPITAL FORMATION	-2,5	-1,2	0,4	-2,8	-1,2	-0,4
Gross fixed capital formation in equipment goods	-2,5	-0,7	-0,4	-2,2	0,5	1,0
Rest of gross capital formation	-2,6	-1,3	0,8	-3,1	-2,0	-1,1
EXPORT OF GOODS AND SERVICES	-0,3	-2,5	-0,7	-4,8	1,3	7,4
IMPORT OF GOODS AND SERVICES	0,4	-3,3	-0,1	-5,7	2,6	5,9
Gross Domestic Product at market prices	-0,6	-0,4	-0,4	-0,5	-0,5	-0,1

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

As in previous quarters, the contribution of the **Foreign Sector** to the performance of GDP was positive, and more pronounced than the previous quarter. This positive contribution of the foreign balance was produced with a year-on-year positive performance for exports of goods and services of 2.9%, compared to growth in imports of 2.3%.

The fall both in GDP both in year-on-year and quarter-on-quarter terms generated a new drop in the employment level, measured in **Full-Time Equivalent Jobs**. The drop in employment stood at 2.5% in year-on-year terms. In month-on-month terms the drop was less pronounced, standing at 0.1%.

The drop in employment stood at 2.5% in year-on-year terms. In month-on-month terms the drop was less pronounced, standing at 0.1%. The fall in the employment level was produced in all activity branches in year-on-year terms. In month-on-month terms the only sectors to record growth were the Primary and the Services sectors, 4.1% and 0.3%, respectively. Industry continued on its year-on-year decline with a drop of 4.9% and also fell by 0.9% in relation to the previous quarter. Employment in the Construction sector presented a profile with sharper declines than Industry. The Services sector saw its sixth consecutive year-on-year decrease, with a drop of 0.6%. In month-on-month terms and for the second consecutive quarter, there was growth in the level of employment,

standing at 0.3% in this second quarter. The employment level was down in the primary sector in year-on-year terms (-4.0%).

Regarding the performance of **GDP by Provinces**, in year-on-year terms Álava posted the greatest fall, 1.9%, with Bizkaia and Gipuzkoa both posting the same negative variation of 1.4%. In month-on-month terms Álava and Bizkaia fell by 0.1%, whilst Gipuzkoa remained unchanged.

Methodological note: Definitive annual data from 2011 and advance data from 2012 from the Economic Accounts of the Basque Country have been incorporated into this publication for the second quarter of 2013, which has led to the recalculating of the series of Quarterly Accounts from the first quarter of 2011.

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