

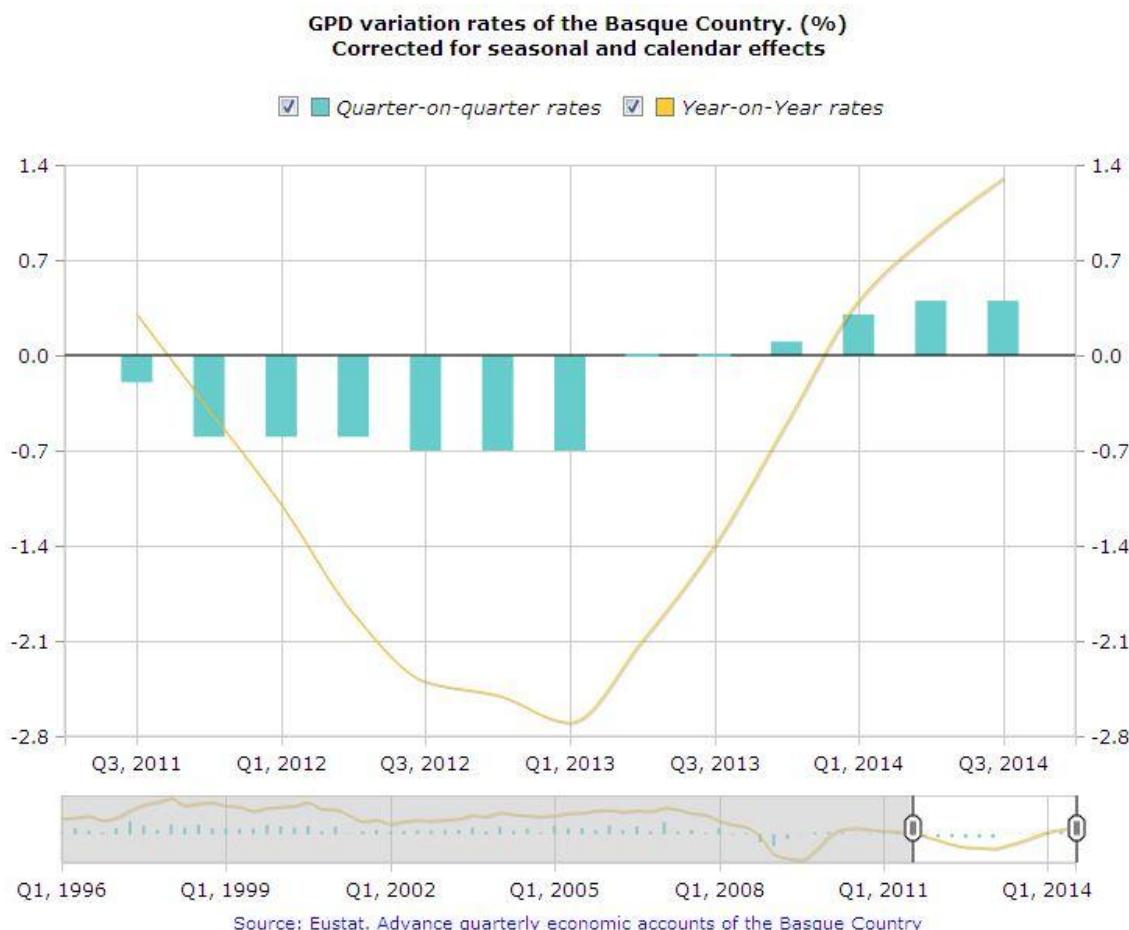
## QUARTERLY ECONOMIC ACCOUNTS OF THE BASQUE COUNTRY (CET) III/2014

## The GDP of the Basque Country registered 1.3% year-on-year growth in the third quarter of 2014

**Private Consumption (+2.2%) has brought up Internal Demand producing a growth of 1.4%, four tenths higher than the previous quarter**

The GDP of the Basque Country posted growth of 1.3% in the third quarter of 2014, compared to the same quarter of the previous year, according to EUSTAT data. This was the third positive performance after nine negative year-on-year rates. This year-on-year increase was three tenths lower than that registered by the Spanish economy (1.6%).

With regards to the previous quarter, the month-on-month variation was positive by 0.4%, maintaining the rate registered in the previous quarter. This variation was one tenth lower than that registered by the Spanish economy as a whole (0.5%).



**From the point of view of supply**, the year-on-year increase in GDP is the combined result of various trends in the four large activity sectors. Both the primary sector and construction

maintained the downward trend in their levels of activity that was seen across all of quarters of 2014. On the other hand, both the industrial sector and, above all, the services sector as a whole, showed positive variations in their added value.

The **Primary** sector registered a 13.2% fall in year-on-year terms.

In this third quarter the **Industry** sector registered a growth rate of 1.4%, which meant an improvement of zero point five percent over the year-on-year figures of the second quarter, and the third consecutive quarter with positive year-on-year growth rates. This figure for year-on-year performance corresponds to a growth of nine tenths in quarter-on-quarter terms, six tenths up on that registered in the second quarter.

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

	2013				2014		
	I	II	III	IV	I	II	III
AGRICULTURE AND FISHING	-2,5	0,6	-15,3	-4,3	-22,6	-17,1	-13,2
INDUSTRY AND ENERGY	-4,2	-3,5	-2,3	-0,1	0,8	0,9	1,4
Manufacturing industry	-3,4	-2,1	-0,6	0,2	0,9	1,0	1,4
CONSTRUCTION	-6,3	-6,3	-4,7	-1,2	-1,4	-1,5	-2,0
SERVICES	-1,5	-1,0	-0,5	-0,5	0,6	1,1	1,7
Trade, hotel management & catering and transport	-2,6	-2,0	-1,1	-0,7	-0,2	0,9	1,6
Public administration, education, health and social services	-1,0	0,2	0,5	0,9	1,9	2,2	2,5
Other services	-1,1	-0,9	-0,6	-1,0	0,3	0,6	1,3
GROSS ADDED VALUE at basic prices	-2,5	-1,9	-1,4	-0,5	0,3	0,7	1,3
Net taxes on products	-4,3	-3,5	-1,9	-1,1	1,9	2,2	0,8
<b>Gross Domestic Product at market prices</b>	<b>-2,7</b>	<b>-2,1</b>	<b>-1,4</b>	<b>-0,5</b>	<b>0,4</b>	<b>0,9</b>	<b>1,3</b>

*Data corrected for seasonal and calendar effects.*

**Source: Eustat. Quarterly Economic Accounts**

The **Construction** sector once again showed signs of contraction in year-on-year terms with a fall of 2.0%, five tenths more negative than the rate of the previous quarter. The growth rate compared to the previous quarter was also negative, at -0.5%.

Global activity within the **Services** sector recorded positive variations in both year-on-year terms and quarter-on-quarter terms: 1.7% and 0.4% respectively.

The year-on-year rise of 1.7% in **Services** is the result of trends of varying intensity within its sub-sectors: the **Public Administration, Education, Health and Social Services** registered the best performance, with a growth of 2.5%; the activity level of **Trade, Hotel Management & Catering and Transport** rose by 1.6% as did the so-called **Other Services** - including, among other things, professional activities, finance and security - which grew at a rate of 1.3%.

Regarding quarter-on-quarter variation, the positive growth of all subsector activities was noteworthy. It was once again those services related to **Public Administration, Health and Social Services** that showed the greatest quarter-on-quarter growth, at 0.6%. Both **Other Services** and the **Hotel Management & Catering and Transport** branch grew by 0.3%.

The aggregated performance by sector has given rise to a positive evolution of **Added Value** of 1.3% in year-on-year terms, maintaining the positive balance registered throughout 2014. This is an improvement of six-tenths over the year-on-year figure of the previous quarter. There was also a 0.4% rise in the quarter-on-quarter rate, for the fourth consecutive quarter.

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

	2013				2014		
	I	II	III	IV	I	II	III
AGRICULTURE AND FISHING	7,9	-3,1	-7,6	-1,0	-12,8	3,8	-3,3
INDUSTRY AND ENERGY	-0,7	0,2	0,3	-0,1	0,3	0,3	0,9
Manufacturing industry	1,3	-1,1	0,5	-0,5	2,0	-0,9	0,9
CONSTRUCTION	-2,5	-3,0	0,0	4,4	-2,7	-3,0	-0,5
SERVICES	-0,2	0,1	-0,2	-0,1	0,8	0,7	0,4
Trade, hotel management & catering and transport	-0,4	-0,7	-0,4	0,7	0,2	0,4	0,3
Public administration, education, health and social services	1,6	1,1	0,2	-2,0	2,7	1,4	0,6
Other services	-1,1	0,2	-0,4	0,3	0,2	0,5	0,3
GROSS ADDED VALUE at basic prices	-0,4	-0,1	-0,1	0,2	0,3	0,4	0,4
Net taxes on products	-3,4	0,5	1,9	-0,1	-0,4	0,8	0,5
<b>Gross Domestic Product at market prices</b>	<b>-0,7</b>	<b>0,0</b>	<b>0,0</b>	<b>0,2</b>	<b>0,3</b>	<b>0,4</b>	<b>0,4</b>

*Data corrected for seasonal and calendar effects.*

**Source: Eustat. Quarterly Economic Accounts**

**From the point of view of Demand**, there are two significant issues. The first is a relative consolidation of the positive evolution in Internal Demand, at 1.4%, based on the improvement in Final Consumption and the slowing down of the decline in Gross Capital Formation. Secondly, this positive evolution in Internal Demand is counteracted by a more moderate evolution in foreign trade, which implies a slightly negative contribution of the latter to GDP growth. There was a slight upturn in import levels combined with a more moderate variation in export levels.

**Final Consumption Expenditure of Households (Private Consumption)** once again confirmed the positive evolution that began in the first quarter of the year. Growth in this third quarter was 2.2%, zero point eight percent higher than the previous quarter. The quarter-on-quarter rate was 0.6%, more moderate (by six tenths) than the second quarter.

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

	2013				2014		
	I	II	III	IV	I	II	III
FINAL CONSUMPTION EXPENDITURE	-1,3	-1,2	-1,3	-0,6	0,3	1,2	1,7
Household final consumption expenditure and ISFLSI	-1,9	-0,9	-1,2	0,1	0,2	1,4	2,2
Public administrations final consumption expenditure	0,7	-2,0	-1,4	-3,0	1,0	0,8	-0,1
GROSS CAPITAL FORMATION	-6,7	-5,8	-4,7	-1,0	-1,1	-0,1	0,0
Gross fixed capital formation in equipment goods	-5,6	-3,7	-1,9	-0,9	0,4	1,5	2,9
Rest of gross capital formation	-7,2	-6,7	-5,9	-1,1	-1,6	-0,8	-1,2
INTERNAL DEMAND	-2,6	-2,3	-2,1	-0,6	0,0	1,0	1,4
EXPORT OF GOODS AND SERVICES	-7,6	2,6	5,5	3,4	3,4	2,3	2,5
IMPORT OF GOODS AND SERVICES	-7,2	2,2	4,1	3,0	2,6	2,4	2,5
<b>Gross Domestic Product at market prices</b>	<b>-2,7</b>	<b>-2,1</b>	<b>-1,4</b>	<b>-0,5</b>	<b>0,4</b>	<b>0,9</b>	<b>1,3</b>

*Data corrected for seasonal and calendar effects.*

**Source: Eustat. Quarterly Economic Accounts.**

**Public Consumption (Final Consumption Expenditure of Public Administrations)** continued to show moderate performance with a year-on-year drop of 0.1%, nine tenths lower than the previous quarter, producing a 1.3% fall in the quarter-on-quarter rate.

The overall performance of the **Final Consumption Expenditure of Public Administrations** combined with the **Final Consumption Expenditure of Households** led to a upturn of 1.7% in **Final Consumption Expenditure**. With regards to the previous quarter there was a. upturn of 0.2%.

**Gross Capital Formation (Investment)**, after eleven quarters of uninterrupted decline, reached a zero year-on-year growth rate, meaning a positive quarterly rate of 0.8%.

Once again this overall performance of investment was based on two opposite trends. The evolution of investment in capital goods had positive results with a year-on-year growth rate of 2.9%, which also meant a positive quarterly rate, of 2.4%. On the other hand, the rest of Gross Capital Formation, which is more closely related to the evolution of the construction sector, posted negative results in the year-on-year rate (-1.2%) and positive results in the quarter-on-quarter rate (0.1%).

**Internal Demand**, composed of Final Consumption Expenditure and Gross Capital Formation, registered a positive variation in year-on-year terms of 1.4% with an improvement of four tenths with respect to the previous quarter.

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

	2013				2014		
	I	II	III	IV	I	II	III
FINAL CONSUMPTION EXPENDITURE	0,8	-1,0	-0,3	-0,1	1,8	-0,1	0,2
Household final consumption expenditure and ISFLSH	0,0	0,1	-0,2	0,2	0,1	1,2	0,6
Public administrations final consumption expenditure	3,8	-4,6	-0,5	-1,5	8,0	-4,8	-1,3
GROSS CAPITAL FORMATION	-1,9	-0,4	0,6	0,7	-2,0	0,5	0,8
Gross fixed capital formation in equipment goods	-0,5	0,9	1,0	-2,4	0,9	2,1	2,4
Rest of gross capital formation	-2,5	-1,0	0,5	2,0	-3,1	-0,1	0,1
EXPORT OF GOODS AND SERVICES	1,6	7,5	1,7	-6,9	1,6	6,4	1,9
IMPORT OF GOODS AND SERVICES	2,9	5,7	1,5	-6,7	2,5	5,5	1,7
<b>Gross Domestic Product at market prices</b>	<b>-0,7</b>	<b>0,0</b>	<b>0,0</b>	<b>0,2</b>	<b>0,3</b>	<b>0,4</b>	<b>0,4</b>

*Data corrected for seasonal and calendar effects.*

**Source: Eustat. Quarterly Economic Accounts**

Once again the contribution of the **Foreign Sector** to the evolution of GDP was slightly negative. The evolution of the foreign balance in relation to the evolution of Internal Demand occurs with a positive performance, both within Exports and Imports, of 2.5%, although the latter were slightly higher.

In relation to employment levels (measured in **Full-Time Equivalent Jobs**), it is worth noting that after more than five consecutive years of negative variations, this third quarter produced a year-on-year growth of 0.5%. This year-on-year rate means a 0.1% growth with respect to the second quarter of 2014. This was the second consecutive quarter with positive employment rates, both in yearly and quarterly terms.

The evolution of the level of employment in relation to the same quarter of the previous year was negative in Industry and in Construction but not in the other sectors of activity. The Services sector stood out for its total volume of employment: its annual rate grew by 1.3%, and it was the third consecutive quarter with positive growth rates. The Primary sector also grew at a rate of 1.2%. The greatest year-on-year downturn occurred once again in Construction, which fell by 1.7%. Similarly, the loss of employment in Industry was 1.4%.

In quarter-on-quarter terms, both the industry and construction sectors showed positive evolutions (both for the first time in a long time) of 0.1% and 0.4% respectively, as did Services (0.1%). The primary sector, however, saw its employment level fall by 0.7%.

Regarding the evolution of **GDP by Province**, in year-on-year terms Gipuzkoa showed the largest growth, at 1.4%, while Bizkaia grew by 1.2% and Álava by 1.1%. In quarter-on-quarter terms Álava and Bizkaia were up by 0.4% and Gipuzkoa by 0.5%.

### **Methodological note.**

This publication referring to the third quarter of 2014 incorporates for the first time the methodology of the 2010 accounting base in the terms of the European System of National and Regional Accounts (ESA 2010). The homogenous series have been incorporated into this publication since 1995, and these are compatible with data of the annual Economic Accounts.

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