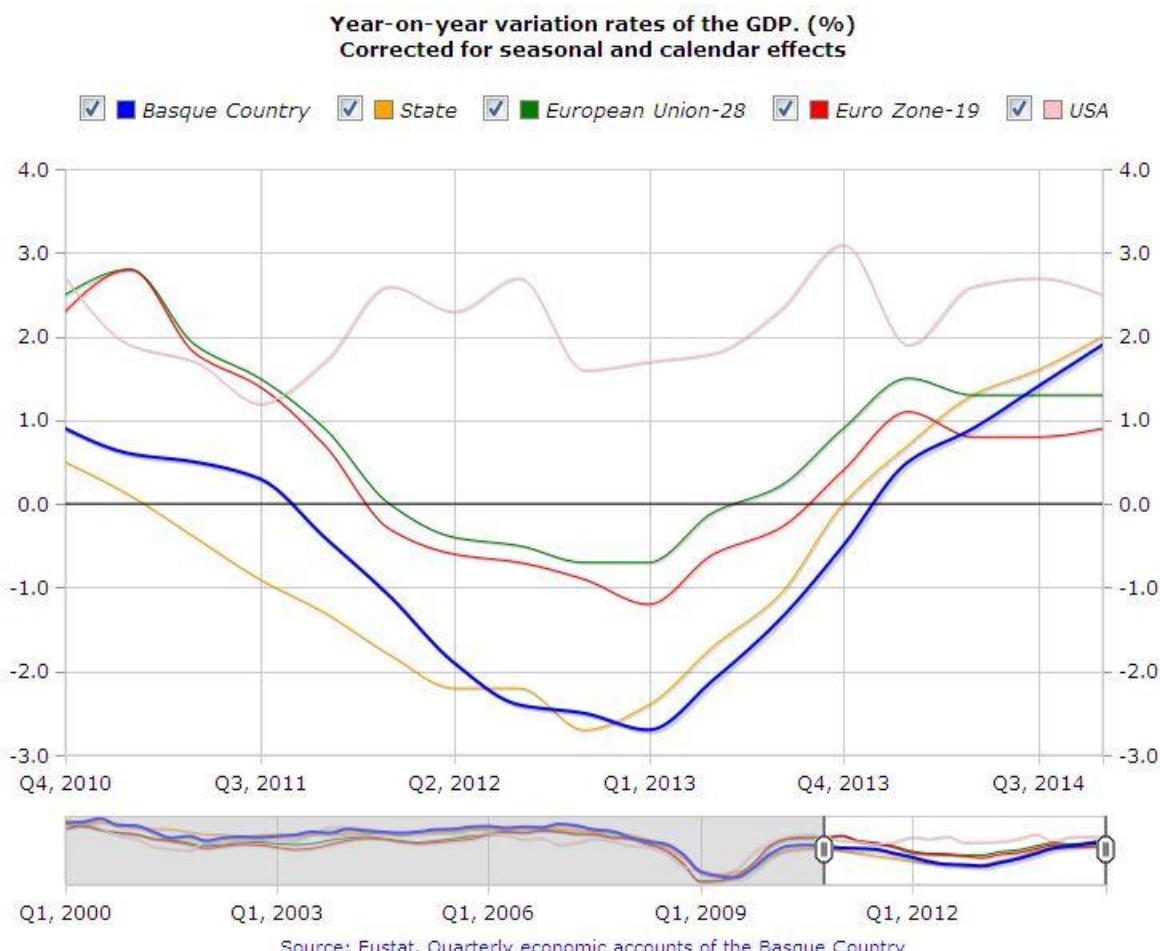


The GDP of the Basque Country registered a 0.7% quarter-on-quarter growth in the fourth quarter of 2014

The year-on-year rate of the last quarter was 1.9%, whereas the balance for 2014 closed with a 1.2% growth in GDP

The GDP of the Basque Country posted growth of 0.7% in the fourth quarter of 2014, compared to the same quarter of the previous year, according to EUSTAT data. This is an improvement of two-tenths over the growth of the previous quarter. This quarter-on-quarter growth was identical to that registered by the Spanish economy. With regards to the same quarter of the previous year, the variation was 1.9%. This variation was one tenth lower than that registered by the Spanish economy as a whole (2.0%).

These data for quarter-on-quarter and year-on-year growth for the fourth quarter of 2014 were revised upwards with respect to the data provided in the Advance Accounts for 29 January 2015 by one and two tenths, respectively.



From the point of view of supply, the year-on-year growth in GDP is due to the positive performance of all activity sectors, except the construction sector.

Positive growth was registered both in the primary sector and in industry, although to a lesser extent than that registered in the previous quarter. On the other hand, the services sector as a whole showed positive variations in added value, to an even greater extent than in the previous quarter. The same occurred in all services subsectors. The **Construction** sector, on the other hand, is the only one that continues to register negative figures, although they are more moderate than those of previous quarters.

In this fourth quarter the **Industry** sector registered a year-on-year growth rate of 1.0%, which meant growth was zero point four percent lower than the year-on-year figures of the third quarter, and the fourth consecutive quarter with positive year-on-year growth rates. This datum for the year-on-year performance shows a decrease of zero point five percent in quarter-on-quarter terms.

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

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

Data corrected for seasonal and calendar effects.

Source: Eustat. Quarterly accounts

The **Construction** sector once again showed signs of contraction in year-on-year terms with a fall of 2.0%, five tenths less negative than the rate of the previous quarter. This lower year-on-year decrease shows a quarter-on-quarter growth of 5.0%.

Global activity within the **Services** sector recorded positive variations in both year-on-year terms and quarter-on-quarter terms: 2.6% and 0.7% respectively.

The year-on-year growth of 2.6% in **Services** follows the variation in the subsectors, which was positive, but to different extents: the branch of **Trade, Hotel Management & Catering and Transport** shows the highest growth rate (3.0%); followed by **Public Administration, Education, Health and Social Services** with 2.8% growth; and **Other Services** - that covers professional, financial and insurance activities, among others - which grew at a rate of 2.2%.

As for quarter-on-quarter variation, it is worth noting that, with the exception of services linked to **Public Administration, Education, Health and Social Services**, which registered a negative quarter-on-quarter rate of 1.5%, the branch of **Trade, Hotel Management & Catering and Transport** as well as **Other Services** both showed positive rates of 1.8 and 1.3%, respectively.

The aggregated performance by sector has given rise to a positive evolution of **Added Value** of 1.9% in year-on-year terms, maintaining the positive balance registered throughout 2014. This is an improvement of five tenths over the year-on-year figure of the previous quarter. There was also a 0.6% rise in the quarter-on-quarter rate, for the fifth 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	IV
AGRICULTURE AND FISHING	7,9	-3,1	-7,6	-1,0	10,6	4,9	-1,0	-9,0
INDUSTRY AND ENERGY	-0,7	0,2	0,3	-0,1	0,3	0,3	0,9	-0,5
Manufacturing industry	1,3	-1,1	0,5	-0,5	2,0	-0,9	0,9	-0,9
CONSTRUCTION	-2,5	-3,0	0,0	4,4	-5,4	-2,4	1,1	5,0
SERVICES	-0,2	0,1	-0,2	-0,1	0,9	0,7	0,4	0,7
Trade, hotel management & catering and transport	-0,4	-0,7	-0,4	0,7	0,6	0,4	0,3	1,8
Public administration, education, health and social services	1,6	1,1	0,2	-2,0	2,5	1,4	0,6	-1,5
Other services	-1,1	0,2	-0,4	0,3	0,1	0,5	0,3	1,3
GROSS ADDED VALUE at basic prices	-0,4	-0,1	-0,1	0,2	0,4	0,4	0,5	0,6
Net taxes on products	-3,4	0,5	1,9	-0,1	-0,4	0,8	0,5	1,1
Gross Domestic Product at market prices	-0,7	0,0	0,0	0,2	0,3	0,4	0,5	0,7

Data corrected for seasonal and calendar effects.

Source: Eustat. Quarterly accounts

From the point of view of Demand, in terms of the year-on-year rate, the most important detail is that the positive growth rates of Internal Demand were consolidated, growing at a rate of 2.0%. This is reflected in its two components, Final Consumption Expenditure and Gross Capital Formation.

As for variation in the external sector, 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 tentatively at the end of the previous year. Growth in this quarter was 2.6%, zero point four percent higher than the previous quarter. The quarter-on-quarter rate was 0.7%, one tenth higher than the third quarter.

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

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

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

Public Consumption (Final Consumption Expenditure of Public Administrations) grew by 1.8% in year-on-year terms (one point nine percent more than in the previous quarter), which means a quarter-on-quarter growth rate of 0.2%.

The overall performance of the **Final Consumption Expenditure of Public Administrations** combined with the **Final Consumption Expenditure of Households** led to a upturn of 2.4% in **Final Consumption Expenditure**. With regards to the previous quarter there was an upturn of 0.6%.

The **Gross Capital Formation (Investment)** posted a positive growth rate for its second consecutive quarter in 2014, growing by 0.6% in yearly terms, which means a positive quarterly rate of 1.2%.

Once again this overall performance of investment was based on two opposite trends. The variation of investment in capital goods showed a positive trend, with a year-on-year growth rate of 4.0%, though it posted a quarterly decrease of 1.4%. 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 (-0.7%), but an increase of 2.3% in the quarter-on-quarter rate.

Internal Demand, composed of Final Consumption Expenditure and Gross Capital Formation, registered a positive variation in year-on-year terms of 2.0% with an improvement of six 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	IV
FINAL CONSUMPTION EXPENDITURE	0,8	-1,0	-0,3	-0,1	1,8	-0,1	0,2	0,6
Household final consumption expenditure and ISFLSH	0,0	0,1	-0,2	0,2	0,1	1,2	0,6	0,7
Public administrations final consumption expenditure	3,8	-4,6	-0,5	-1,5	8,0	-4,8	-1,3	0,2
GROSS CAPITAL FORMATION	-1,9	-0,4	0,6	0,7	-1,9	0,5	0,8	1,2
Gross fixed capital formation in equipment goods	-0,5	0,9	1,0	-2,4	0,9	2,1	2,4	-1,4
Rest of gross capital formation	-2,5	-1,0	0,5	2,0	-2,9	-0,1	0,1	2,3
EXPORT OF GOODS AND SERVICES	1,6	7,5	1,7	-6,9	1,5	6,2	3,3	-5,9
IMPORT OF GOODS AND SERVICES	2,9	5,7	1,5	-6,7	2,4	5,2	2,9	-5,6
Gross Domestic Product at market prices	-0,7	0,0	0,0	0,2	0,3	0,4	0,5	0,7

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

As regards the level of employment (measured in **Full-Time Equivalent Jobs**), there was an overall increase in the level of employment of 1.0% in year-on-year terms, which was the third positive growth of 2014. There had been no positive annual rates since the second quarter of 2008. This year-on-year rate means a 0.5% growth with respect to the third quarter of 2014.

Once again, the evolution of the level of employment with respect to the same quarter of the previous year was positive in the primary and services sectors, and negative in Industry and Construction. The Services sector stood out for its total volume of employment: its annual rate grew by 1.9%, and it was the fourth consecutive quarter with positive growth rates. The Primary sector also grew at a rate of 1.3%. The greatest year-on-year downturn occurred in Industry, which fell by 1.9%. Similarly, the loss of employment in Construction was 0.2%.

As regards the quarter-on-quarter rate, the primary sector fell by 3.6%, as did industry (-0.6%). On the other hand, construction and services showed positive growth of 3.1% and 0.7%.

Regarding the evolution of **GDP by Province**, in year-on-year terms Gipuzkoa showed the largest growth, at 2.1%, while Bizkaia grew by 1.9% and Álava by 1.6%. In quarter-on-quarter terms Álava and Bizkaia were up by 0.6%, and Gipuzkoa by 0.9%.

BALANCE FOR 2014

In 2014 overall, GDP grew by 1.2%, with a 0.3% growth in the level of employment

The GDP of the Basque Country economy grew by 1.2% over the course of 2014, with growth in all the major activity sectors except construction (-3.0%). The Primary sector posted a positive variation of 5.5%. The services sector was in second place with growth of 1.5%. The industrial sector also showed a positive evolution of 1.0%, which contrasts with negative rates in previous years.

Three subsectors within the services sector showed a positive performance. The most dynamic branch within the services sector was Public Administration, Education and Health, which grew by 2.2%. The Trade, Hotel Management & Catering and Transport sector also had a positive rate, growing by 1.6%. The levels of activity of Other Services were also up (1.1%).

As an aggregate of these variations, Added Value grew by 1.1% and the effect of net taxes on products throughout 2014 was also positive, with an increase of 1.7%.

The analysis in terms of Demand showed a growth in **Internal Demand** of 1.1% which, together with a year-on-year growth of 1.2% in GDP, means a positive contribution from the foreign balance for 2014 as a whole. Export levels grew at a rate of 3.4%, compared with 3.2% for imports.

The positive growth in Internal Demand throughout 2014 was based on a 1.4% growth in Final Consumption Expenditure, with positive postings both in Final Consumption Expenditure of Households (1.6%) and in Final Consumption Expenditure of the Public Administrations (0.9%), although there was no change in Gross Capital Formation (0.0%). There were also positive and negative variations within Gross Capital Formation, whereas Capital Goods registered positive rates (2.2%). This was not the case with the Rest of Gross Capital Formation, which was more closely linked to construction and posted a negative performance (-1.0%).

Employment evolution, measured in **full-time equivalent jobs**, was positive, with an estimated growth of 0.3% as an average of 2014. Within employment, the services sector performed best, with growth of 1.1% with respect to the 2013 average, and the level of employment in the Primary sector also grew slightly (0.2%). On the other hand, both Industry (-1.8%) and Construction continued to shed jobs (-2.4%).

The evolution of GDP by **Province** for 2014 was positive in the three provinces. Álava and Bizkaia were up by 1.1%, and Gipuzkoa by 1.4%.

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