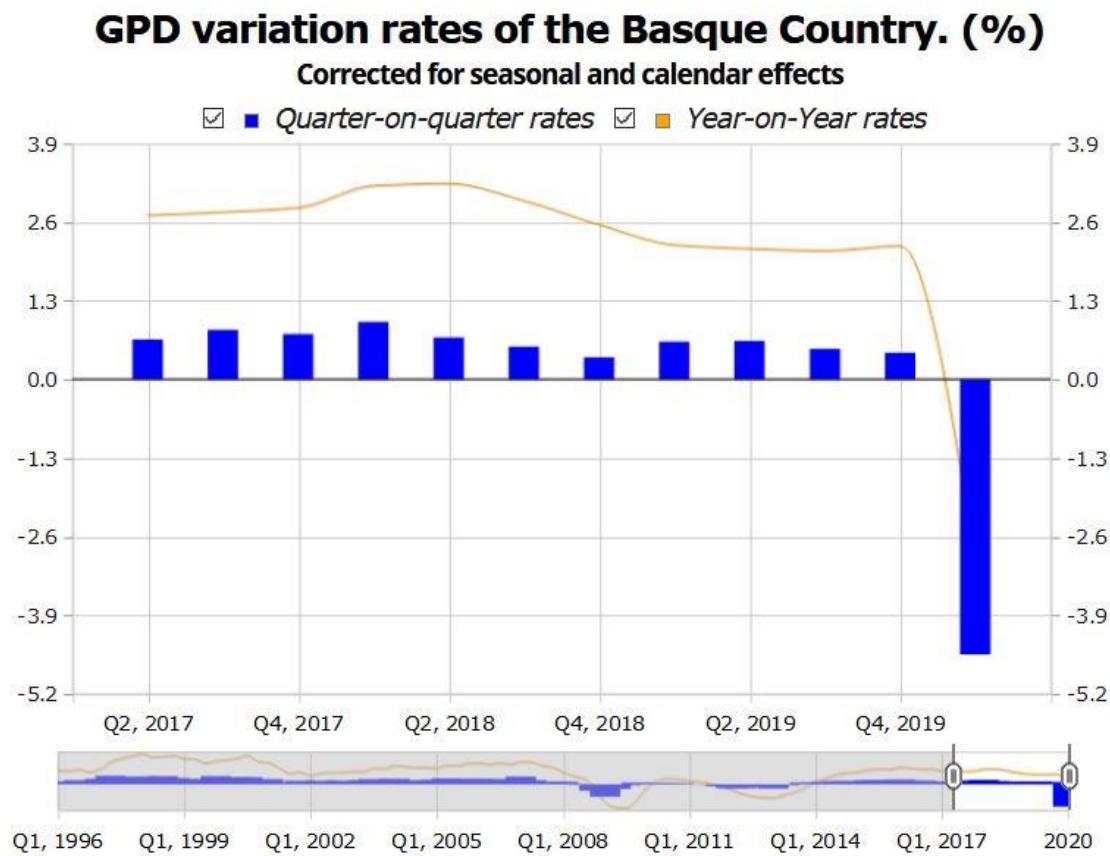


QUARTERLY ACCOUNTS (CET) ADVANCE. I/2020

The GDP of the Basque Country registered a year-on-year decline of 3.0% and employment fell by 3.1% in the first quarter of 2020

Compared to the fourth quarter of 2019, GDP was down 4.5%

The Gross Domestic Product (GDP) of the Basque Country posted a decrease of 3.0% in the first quarter of 2020, compared to the first quarter of 2019, according to estimates for the Advance Quarterly Accounts made by EUSTAT. Once corrected for calendar and seasonal effects, in quarter-on-quarter terms, the estimated GDP was down 4.5%.



Source: Eustat. Quarterly accounts. Flash estimate

The first quarterly GDP estimation carried out by EUSTAT usually derives from a system that is partly based on predictions of economic indicators not observed when the Advance Quarterly Accounts were prepared. The exceptional measures adopted from the second half of March as a result of the COVID-19 pandemic have meant an unprecedented abrupt drop in economic activity that is difficult to predict. The extraordinarily complex situation that all economic agents have experienced over recent weeks makes it hard to gather information regarding that which all economic estimation is based on, especially when the system includes predictions of some indicators. For this

reason these initial estimates presented by Eustat regarding economic activity in the Basque Country must be analysed with caution, as they include a period of confinement of the society.

On 05 June 2020 EUSTAT will publish the disaggregated estimates of GDP and Employment in its Quarterly Accounts for the first quarter of 2020, after incorporating the relevant information that was either not available or only partially measured when these Advance Quarterly Accounts were prepared.

From the perspective of supply, there has been a general downturn across all sectors, to a greater or lesser extent, due to the effects of the change or standstill in all productive activities that occurred in the last two weeks of March.

Employment, measured as full-time equivalent jobs, has decreased by 3.1% compared to the same quarter of the previous year. In quarter-on-quarter terms, once corrected for calendar and seasonal effects, the quarter-on-quarter variation is estimated at -4.1%.

METHODOLOGICAL NOTE: This severe drop in employment is largely due to the extremely high number of temporary layoff measures known as ERTEs (Temporary Labour Force Adjustment Plans) that have been adopted from the middle of March. **The definition of a job, according to the European System of Accounts (ESA), excludes persons temporarily not at work but who have a formal attachment to their job**, for example, an assurance of return to work or an agreement as to the date of return, as is the case with ERTEs.

This definition of jobs differs from that of employed people insofar as the latter counts those who, even without working, maintain a formal attachment with the company under certain circumstances, as is the case with ERTEs. Under normal circumstances, the difference between both concepts is not as relevant as it is at present.

For further information:

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