

The balance for 2020 closed with a drop in GDP of 9.5% and a fall in employment of 8.1%

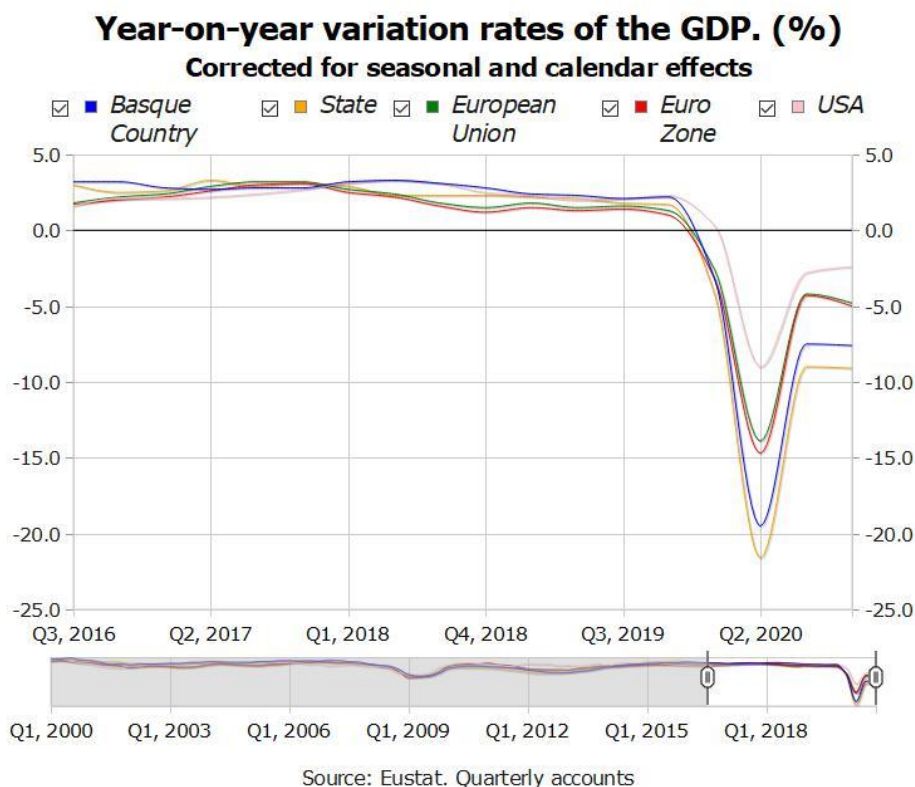
GDP fell in the fourth quarter of 2020 by 7.6% compared to the fourth quarter of the previous year, though it rose 0.5% on the previous quarter

The Gross Domestic Product (GDP) of the Basque Country fell by 9.5% **in 2020**, according to Eustat data. The drop in employment in the year as a whole compared to 2019 stood at 8.1%, measured in full-time equivalent jobs.

By province, the balance for 2020 closed with decreases of 9.5% in Álava, 9.6% in Bizkaia and 9.3% in Gipuzkoa.

In the fourth quarter of 2020, Basque GDP was up 0.5% on the third quarter. However, compared to the same quarter of the previous year, there was an estimated downturn in GDP of 7.6%. In the last quarter of 2020, Employment, measured in full-time equivalent jobs, fell by 6.3% and remained at around the same level observed in the third quarter of the year.

These estimates, which incorporate all the relevant economic information available at the time they were prepared, confirm the estimates obtained in the Advance Quarterly Accounts of 18 January 2021.



The year-on-year contraction of the fourth quarter of GDP in the Basque Country of 7.6% is lower than estimated for the Spanish economy, where the year-on-year decline has been estimated at 9.1%. The decreases were more moderate for the Euro Zone (5%), the European Union as a whole (4.8%), and for the United States (2.4%), although the trend observed was similar in all cases.

GDP m/p. Supply. Chain volume indexes. Year-on-year variation rates.
Basque Country. (%)

	2019	2020	2019	2020			
			IV	I	II	III	IV
AGRICULTURE, FORESTRY AND FISHING	3,2	-9,3	5,9	3,5	-6,1	-7,2	-26,3
INDUSTRY AND ENERGY	1,3	-11,8	2,2	-3,6	-26,7	-9,5	-7,2
Manufacturing industry	1,2	-12,2	1,7	-4,3	-27,8	-9,4	-7,0
CONSTRUCTION	3,4	-9,5	2,1	-2,7	-17,9	-9,3	-8,2
SERVICES	2,5	-8,5	2,1	-2,8	-17,5	-6,5	-7,1
Trade, accommodation & food services and transport	2,6	-12,3	2,1	-4,2	-21,8	-10,2	-12,8
Public administration, education, health and social services	2,3	1,0	2,0	1,2	0,7	1,1	1,0
Other services	2,5	-11,0	2,2	-4,0	-24,2	-8,1	-7,5
GROSS ADDED VALUE at basic prices	2,3	-9,3	2,2	-3,0	-19,6	-7,4	-7,4
NET TAXES ON PRODUCTS	2,2	-10,4	2,3	-5,1	-18,4	-8,5	-9,6
GROSS DOMESTIC PRODUCT at market prices	2,2	-9,5	2,2	-3,2	-19,5	-7,5	-7,6

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

From the point of view of **Supply**, the decrease in the value added in year-on-year terms (fourth quarter of 2020 compared to the fourth quarter of 2019) was generalised, with the exception of the Public Administration, Education, Health and Social Services branch.

The **Primary** sector has recorded a decline in added value in real terms of 26.3% compared to the same quarter of the previous year and 15.3% compared to the third quarter of the year.

The **Industry** sector experienced a downturn in year-on-year terms of 7.2%, with a 7.0% decline in the Manufacturing Industry. These drops are lower than those observed in the second and third quarter. In fact, compared to the third quarter of 2020, the Industry's value added recovered during the last quarter of the year by 3.3% and, in the case of the manufacturing industry, by 2.9%.

The **Construction** sector also saw a lower year-on-year downturn than in the previous quarter, with a drop in value added of 8.2% in the fourth quarter, in year-on-year terms. In quarter-on-quarter terms, on the other hand, the estimated upturn in the fourth quarter of the year (1.7%) was lower than the estimate for the third quarter of the year (11.8%).

Overall activity in the **Services** sector in the last quarter of the year experienced a sharper year-on-year downturn than observed in the third quarter, with a drop of 7.1% in the fourth quarter compared to the 6.5% drop observed in the previous quarter. In quarter-on-quarter terms, a slight decrease of 0.2% in value added was noted in Services as a whole.

The performance of the Services sector varied by branches during this last quarter. The branch of **Trade, Hotel Management & Catering and Transport** posted a decrease in value added of 12.8% compared to the fourth quarter of the previous year, and 2.4% compared to the third quarter of the year. The year-on-year downturn has eased somewhat in the **Other Services** branch, with a year-on-year decrease of 7.5% (it was 8.1% in the previous quarter). In fact, compared to the previous quarter, 1.3% growth is estimated in activities falling within the Other Services branch, such as property, professional, scientific and technical activities, as well as finance and insurance.

The **Public Administration, Education, Health and Social Services** branch, after remaining practically unchanged compared to the previous quarter, continued to experience a steady increase in value added, with a year-on-year growth rate of 1%.

GDP m/p. Supply. Chain volume indexes. Year-on-year variation rates. Basque Country. (%)

	2019	2020			
	IV	I	II	III	IV
AGRICULTURE, FORESTRY AND FISHING	6,7	-4,8	-4,4	-4,4	-15,3
INDUSTRY AND ENERGY	0,7	-4,9	-23,4	23,3	3,3
Manufacturing industry	0,3	-5,2	-24,0	25,4	2,9
CONSTRUCTION	0,4	-4,9	-15,0	11,8	1,7
SERVICES	0,5	-4,2	-14,9	14,1	-0,2
Trade, accommodation & food services and transport	0,6	-5,7	-18,1	15,6	-2,4
Public administration, education, health and social services	0,1	0,0	0,0	1,1	0,0
Other services	0,6	-5,4	-21,0	22,1	1,3
GROSS ADDED VALUE at basic prices	0,6	-4,4	-16,8	15,8	0,6
NET TAXES ON PRODUCTS	0,1	-7,0	-12,8	12,7	-1,1
GROSS DOMESTIC PRODUCT at market prices	0,5	-4,7	-16,4	15,5	0,5

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

The year-on-year negative performance of almost all sectors brought the **Value Added** of the Basque Country down by 7.4%, the same decrease observed in the previous period. Compared to the third quarter of the year, however, a slight recovery of 0.6% in Gross Value Added is estimated.

From the point of view of **Demand**, the performance was similar, with significant quarter-on-quarter decreases, except for the Final Consumption Expenditure of the Public Administrations. Conversely, quarter-on-quarter performance has varied.

Final Consumption Expenditure of Households and Non-profit Institutions Servicing Households (ISFLSH) (**Private Consumption**) has seen a steeper year-on-year downturn, reaching 9.1% in the last quarter of the year (it was 8.5% the previous quarter). In quarter-on-quarter terms, there was a moderate decrease of 0.4% on the previous quarter.

The final consumption expenditure of the Public Administrations (**Public Consumption**) was once again the only aggregated sector that posted a higher value than that observed in the same quarter of the previous year (year-on-year variation of 7.2%) which, compared to the previous quarter, translates into an increase of 3.9%.

The overall performance of public and private consumption resulted in a year-on-year drop in **Final Consumption Expenditure** of 5.7%. Compared to the third quarter, it saw quarter-on-quarter growth of 0.6%.

In **Gross Capital Formation** (Investment), there was a year-on-year fall of 8.4%, lower than estimated in the previous quarter (11.4%). Compared to the same quarter of the year, an increase of 4.8% was observed. Investment in **Capital Goods** registered a 5.9% drop compared to the same quarter of the previous year, which represents a recovery in quarter-on-quarter terms of 10.2%.

GDP m/p. Demand. Chain volume indexes. Year-on-year variation rates. Basque Country. (%)

	2019	2020	2019	2020			
			IV	I	II	III	IV
FINAL CONSUMPTION EXPENDITURE	1,9	-7,5	1,6	-3,0	-15,4	-5,9	-5,7
Household and NPISHs final consumption expenditure	1,8	-10,7	1,5	-4,8	-20,3	-8,5	-9,1
Public administrations final consumption expenditure	2,2	4,5	2,3	4,1	3,0	3,6	7,2
GROSS CAPITAL FORMATION	3,3	-11,6	2,7	-3,6	-23,0	-11,4	-8,4
Gross fixed capital formation in equipment goods	2,1	-13,3	2,5	-5,0	-30,1	-12,2	-5,9
Rest of gross capital formation	4,0	-10,6	2,8	-2,8	-18,8	-10,9	-9,8
INTERNAL DEMAND	2,2	-8,5	1,9	-3,1	-17,2	-7,2	-6,4
EXPORT OF GOODS AND SERVICES	0,4	-17,1	1,4	-7,5	-30,1	-15,5	-14,8
IMPORT OF GOODS AND SERVICES	0,4	-15,3	1,0	-7,2	-26,4	-14,8	-12,7
GROSS DOMESTIC PRODUCT at market prices	2,2	-9,5	2,2	-3,2	-19,5	-7,5	-7,6

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

In **Other Gross Capital Formation**, which is more closely linked to the performance of construction, the year-on-year decline stood at 9.8% (less of a drop than in previous quarters), after estimating growth of 1.8% on the third quarter of the year.

Internal Demand, composed of Final Consumption Expenditure and Gross Capital Formation, fell by 6.4% in year-on-year terms in the last quarter of the year. This decrease was below that estimated for GDP as a whole (7.6%), for which the contribution of the **Foreign Sector** was also negative in

the fourth quarter of the year. **Exports** of goods and services was down 14.8% in year-on-year terms, to a greater extent than **Imports**, which fell by 12.7%. The **foreign balance** therefore contributed negatively to the year-on-year performance of the economy of the Basque Country.

GDP m/p. Demand. Chain volume indexes. Year-on-year variation rates. Basque Country. (%)

	2019	2020			
	IV	I	II	III	IV
FINAL CONSUMPTION EXPENDITURE	0,3	-4,0	-12,5	11,6	0,6
Household and NPISHs final consumption expenditure	0,3	-5,9	-15,9	15,4	-0,4
Public administrations final consumption expenditure	0,4	3,0	-0,6	0,7	3,9
GROSS CAPITAL FORMATION	1,3	-5,4	-20,0	15,6	4,8
Gross fixed capital formation in equipment goods	2,8	-5,8	-26,7	23,7	10,2
Rest of gross capital formation	0,5	-5,2	-16,2	11,6	1,8
EXPORT OF GOODS AND SERVICES	2,5	-9,3	-22,4	17,3	3,3
IMPORT OF GOODS AND SERVICES	2,5	-8,7	-18,8	12,2	5,0
GROSS DOMESTIC PRODUCT at market prices	0,5	-4,7	-16,4	15,5	0,5

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

In relation to the level of employment (measured in **Full-Time Equivalent Jobs**), employment as a whole was down 6.3% compared to the fourth quarter of 2019, despite having remained practically the same as in the previous quarter.

In this regard, it should be remembered that 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 (Temporary Labour Force Adjustment Plans).

The Primary sector saw a 4.2% drop in employment in relation to the fourth quarter of 2019, a decrease of 3.1% in quarter-on-quarter terms. In Industry, job losses in year-on-year terms stood at 7.5%, although this figure is 1.3% higher than in the previous quarter. In Construction, there was also a negative trend in employment, both in year-on-year (decrease of 4.8%) and in quarter-on-quarter terms (drop of 1.4%). Finally, and with a similar profile, the number of Full-Time Equivalent Jobs in the Services sector decreased by 6.1% in year-on-year terms, following a slight fall of 0.2% in quarter-on-quarter terms.

In terms of the variation in **GDP by Province**, Álava and Gipuzkoa posted a year-on-year rate of -7.3%, and Bizkaia of -7.9%. Compared to the third quarter of the year, GDP rose in Álava by 1.1%, in Gipuzkoa by 0.7% and, lastly, in Bizkaia by 0.1%.

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