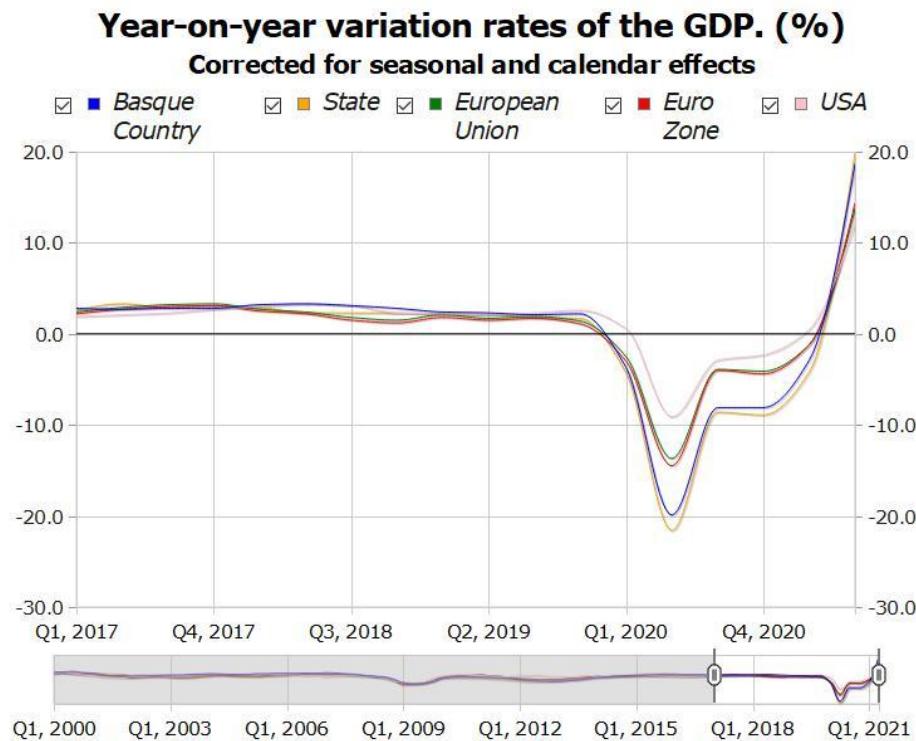


In the second quarter of 2021, the GDP of the Basque Country recovered by 18.6% and employment by 16.6% in year-on-year terms

In relation to the previous quarter, GDP growth stood at 2.2% and 19,000 net jobs were created

The Gross Domestic Product (GDP) of the Basque Country grew by 18.6% in the second quarter of 2021, compared to the same quarter of the previous year, according to Eustat data. With regard to the previous quarter, there was an increase of 2.2%. The Basque economy thus consolidated its recovery following the unprecedented drop experienced in the second quarter of 2020, with four consecutive quarters showing increases in GDP in quarter-on-quarter terms.

Employment, measured in full-time equivalent jobs, also displayed a profile of continued recovery. Compared to the second quarter of 2020, marked by the restrictions adopted to tackle COVID-19, the increase was estimated at 16.6%. In relation to the previous quarter, the number of jobs rose by 2.1%.



Source: Eustat. Quarterly accounts

These estimates, which incorporate all the relevant economic information available at the time they were prepared, as well as the new estimates of the annual aggregates for 2019 and 2020, slightly

improve those obtained for GDP in Eustat's *Advance Quarterly Accounts* of 19 July 2021: the year-on-year variation was up one tenth and the quarter-on-quarter variation up two tenths. The estimate for employment, however, remained unchanged.

The estimated year-on-year growth in the Basque Country's GDP during the second quarter was below that estimated for the Spanish economy, which saw an increase of 19.8%. Growth was more modest for the Eurozone (14.3%), for the European Union as a whole (13.8%) and for the United States, which saw an estimated year-on-year increase in GDP of 12.2% in the second quarter. The decreases in GDP in the second quarter of 2020 stood at -21.6% for the Spanish economies, -19.9% for the Basque Country, -14.5% for the Eurozone, -13.7% for the European Union as a whole and -9.1% for the United States.

From the point of view of Supply, value added recovered significantly in year-on-year terms (second quarter of 2021 compared to the second quarter of 2020) in all sectors.

The **Primary** sector recorded an increase in value added in real terms of 7.8% in respect of the same quarter of the previous year, following a quarter-on-quarter rise of 10.8%.

Value added in the **Industry** sector was up by 30.2%, with a 33.1% increase in the Manufacturing Industry. In absolute terms, these increases exceeded the year-on-year drops of 26.2% and 27.3% observed in the second quarter of 2020 in Industry and the Manufacturing Industry, respectively. Compared to the first quarter of 2021, for its part, Industry grew by 0.9% and the Manufacturing Industry by 1.9%.

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

	2019	2020	2020			2021	
			II	III	IV	I	II
AGRICULTURE, FORESTRY AND FISHING	5,9	-15,0	-13,7	-13,0	-28,1	-7,1	7,8
INDUSTRY AND ENERGY	1,4	-11,2	-26,2	-8,9	-6,8	-1,1	30,2
Manufacturing industry	1,1	-11,6	-27,3	-8,8	-6,6	-0,7	33,1
CONSTRUCTION	2,4	-8,2	-16,7	-7,7	-6,5	-2,4	11,5
SERVICES	2,5	-9,0	-17,8	-7,2	-7,7	-3,5	15,5
Trade, accommodation & food services and transport	2,2	-18,1	-26,9	-16,0	-18,5	-5,5	26,1
Public administration, education, health and social services	3,2	1,6	1,3	1,6	1,3	1,6	3,1
Other services	2,4	-8,6	-21,9	-6,1	-5,2	-5,0	17,3
GROSS ADDED VALUE at basic prices	2,3	-9,5	-19,7	-7,7	-7,6	-2,9	18,4
NET TAXES ON PRODUCTS	2,0	-13,6	-21,3	-11,8	-12,8	-3,0	20,4
GROSS DOMESTIC PRODUCT at market prices	2,2	-9,9	-19,9	-8,1	-8,1	-2,9	18,6

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

The **Construction** sector also saw significant year-on-year growth, with a rise in value added of 11.5% in the second quarter of 2021 (the decrease stood at 16.7% in the same quarter of 2020). This year-on-year increase translates as a 2.9% drop in value added in relation to the previous quarter.

Global activity within the **Services** sector in the second quarter of the year was 15.5% higher than that observed in the same quarter of the previous year, following a recovery of 2.1% compared to the first quarter of the year. The estimated decrease in Services as a whole in the second quarter of 2020 was higher than the estimated recovery this quarter of 17.8% in relation to the same period of the previous year.

The revival of activity in the Services sector was seen to varying degrees. The branch of **Trade, Hospitality and Transport** posted an increase in value added of 26.1% in relation to the second quarter of the previous year, following a rise of 9.3% in respect of the previous quarter. This increase was close in scale to the decrease recorded in the second quarter of 2020, which was 26.9%.

The **Other Services** branch; which includes property, professional, scientific and technical, and financial and insurance activities; also showed significant recovery (growth of 17.3%) in relation to the same quarter of the previous year, despite the downturn of 1.9% in respect of the previous quarter. The decrease in this branch stood at 21.9% in the second quarter of 2020.

The **Public Administration, Education, Health and Social Services** branch has been the most stable over the last year. After rising 1.5% in relation to the previous quarter, the sustained growth in its value added accelerated slightly, with a year-on-year growth rate of 3.1% this quarter.

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

	2020			2021	
	II	III	IV	I	II
AGRICULTURE, FORESTRY AND FISHING	-4,4	-4,4	-15,3	20,1	10,8
INDUSTRY AND ENERGY	-23,3	23,2	3,2	1,4	0,9
Manufacturing industry	-24,0	25,4	2,9	1,3	1,9
CONSTRUCTION	-15,0	11,8	1,7	1,0	-2,9
SERVICES	-14,6	13,6	0,0	-0,5	2,1
Trade, accommodation & food services and transport	-18,1	15,7	-2,5	2,2	9,3
Public administration, education, health and social services	0,0	1,1	0,0	0,5	1,5
Other services	-20,6	21,1	1,5	-2,7	-1,9
GROSS ADDED VALUE at basic prices	-16,7	15,5	0,7	0,2	1,6
NET TAXES ON PRODUCTS	-12,9	12,7	-1,1	-0,2	8,1
GROSS DOMESTIC PRODUCT at market prices	-16,3	15,2	0,6	0,2	2,2

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

The positive year-on-year performance of all sectors brought the **Value Added** of the Basque Country up by 18.4% in year-on-year terms and 1.6% in quarter-on-quarter terms.

From the point of view of **Demand**, there was also dramatic recovery in all macro-magnitudes compared to the second quarter of the previous year, with the exception of the Final Consumption Expenditure of Public Administrations, which posted a more modest positive performance.

Final Consumption Expenditure of Households and Non-profit Institutions Servicing Households (ISFLSH) (**Private Consumption**) posted a year-on-year increase of 22.6%. This upward trend was registered after seeing a recovery of 7.1% compared to the previous quarter.

The Final Consumption Expenditure of Public Administrations (**Public Consumption**) also posted a significant positive performance in year-on-year terms, although it was more moderate than in the other macro-magnitudes, which stood at 5.2% following a quarter-on-quarter rise of 3.0%.

The overall performance of public and private consumption resulted in year-on-year growth of 18.1% in **Final Consumption Expenditure**, which in relation to the first quarter of the year was an increase of 6.1%. The estimated decrease in Consumption during the second quarter of 2020 reached 16.8%.

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

	2019	2020	2020			2021	
			II	III	IV	I	II
FINAL CONSUMPTION EXPENDITURE		2,0	-8,9	-16,8	-7,6	-7,0	-2,5 18,1
Household and NPISHs final consumption expenditure		1,7	-12,4	-21,9	-10,3	-10,6	-3,7 22,6
Public administrations final consumption expenditure		3,1	3,8	2,2	2,8	6,5	1,6 5,2
GROSS CAPITAL FORMATION		3,3	-11,7	-23,2	-11,5	-8,5	-1,3 21,4
Gross fixed capital formation in equipment goods		3,0	-12,9	-29,9	-11,9	-5,6	1,9 41,3
Rest of gross capital formation		3,4	-11,0	-19,2	-11,3	-10,2	-3,2 11,2
INTERNAL DEMAND		2,3	-9,6	-18,3	-8,5	-7,4	-2,2 18,9
EXPORT OF GOODS AND SERVICES		-0,2	-16,1	-29,2	-14,3	-13,8	-2,4 30,1
IMPORT OF GOODS AND SERVICES		0,0	-15,4	-26,6	-14,7	-12,5	-1,4 29,8
GROSS DOMESTIC PRODUCT at market prices	2,2	-9,9	-19,9	-8,1	-8,1	-2,9	18,6

Data corrected for seasonal and calendar effects
Source: Eustat. Quarterly accounts

In **Gross Capital Formation** (Investment), year-on-year recovery stood at 21.4%, slightly below the estimated year-on-year downturn in the same quarter of the previous year (23.2%). Investment as a whole was down 1.7% on the first quarter of the year.

Investment in **Capital Goods** registered a 41.3% rise in respect of the same quarter of the previous year, which represents a recovery in quarter-on-quarter terms of 1.6%. In **Other Gross Capital Formation**, which is more closely linked to the performance of construction, year-on-year growth stood at 11.2%, despite being 3.7% higher than in the first quarter of the year.

Internal Demand as a whole, composed of Final Consumption Expenditure and Gross Capital Formation, experienced a year-on-year increase of 18.9% (it fell 18.3% in the second quarter of 2020). This growth was above that estimated for GDP as a whole (18.6%), for which the contribution of the **Foreign Sector** was negative in the Basque economy in this second quarter of the year, despite **Exports** of goods and services having risen more sharply than **Imports** in year-on-year terms (30.1% in exports compared to 29.8% in imports).

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

	2020			2021	
	II	III	IV	I	II
FINAL CONSUMPTION EXPENDITURE	-12,4	11,6	0,6	-0,8	6,1
Household and NPISHs final consumption expenditure	-15,9	15,4	-0,4	-0,3	7,1
Public administrations final consumption expenditure	-0,6	0,7	3,9	-2,4	3,0
GROSS CAPITAL FORMATION	-20,1	15,7	4,8	1,8	-1,7
Gross fixed capital formation in equipment goods	-26,7	23,7	10,2	2,1	1,6
Rest of gross capital formation	-16,2	11,6	1,8	1,7	-3,7
EXPORT OF GOODS AND SERVICES	-22,6	17,4	3,3	4,0	3,2
IMPORT OF GOODS AND SERVICES	-19,2	12,6	4,9	3,3	6,4
GROSS DOMESTIC PRODUCT at market prices	-16,3	15,2	0,6	0,2	2,2

Data corrected for seasonal and calendar effects
Source: Eustat. Quarterly accounts

In the second quarter of 2021, employment, measured in **full-time equivalent jobs**, recovered by 16.6% in relation to the same quarter of the previous year, when it fell by 16.8% in year-on-year terms. With regard to the previous quarter, the rise in employment stood at 2.1% (around 19,000 more full-time equivalent jobs).

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 performed positively with regard to employment, which reached 4.1% compared to the second quarter of 2020, following an increase of 3.8% in quarter-on-quarter terms. In Industry, the year-on-year rise in jobs stood at 15.6%, although this figure is 0.3% lower than in the previous quarter. In Construction, there was also a positive trend in employment, in both year-on-year (an increase of 17.8%) and quarter-on-quarter terms (growth of 7.1%). Finally, the number of full-time equivalent jobs in the Services sector increased by 17.0% in year-on-year terms, after rising 2.3% in quarter-on-quarter terms.

In terms of **GDP performance by Province**, in this second quarter of 2021, Álava posted a year-on-year increase of 20.9%, Gipuzkoa of 19.0% and Bizkaia of 17.7%. Compared to the previous quarter, however, Gipuzkoa performed the best, with quarter-on-quarter growth of 2.4%, followed by Bizkaia with 2.2% and, lastly, Álava, where the quarter-on-quarter increase stood at 1.8%.

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