

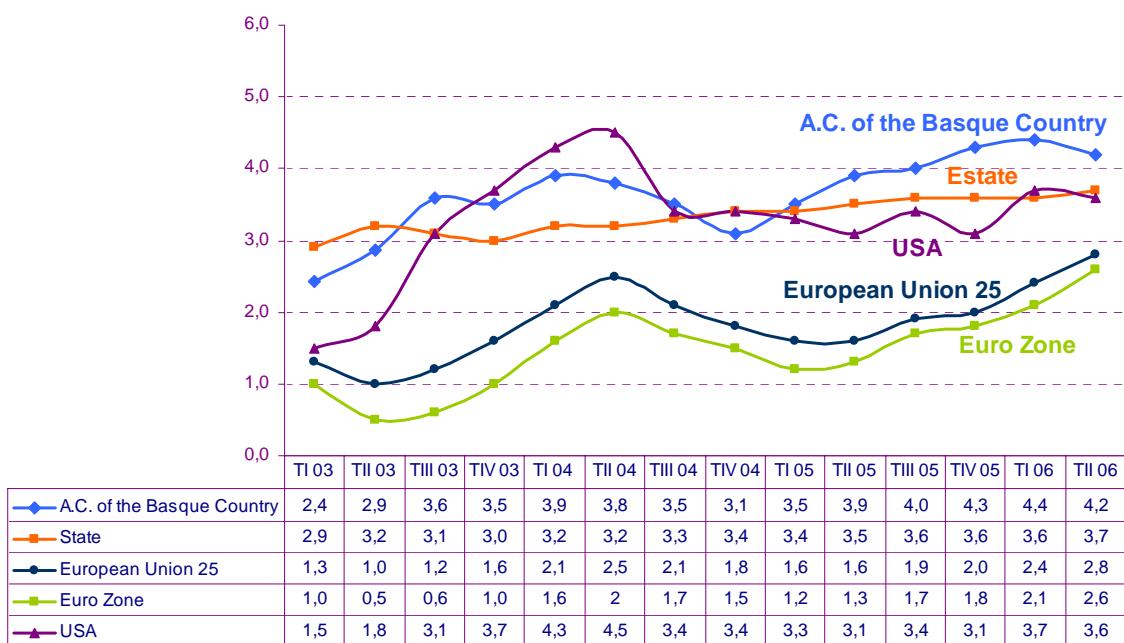
## The economy in the A.C. of the Basque Country registered 4.2% growth in the second quarter of 2006

***A slow-down in Industry reduced the inter-annual rate reached in the first quarter (4.4%)***

The GDP of the A.C. of the Basque Country registered 4.2% real growth in the second quarter of 2006, with regard to the same period the previous year, according to EUSTAT data. This inter-annual rate is one point higher than that reached by the Spanish economy (3.7%), and also higher than the average growth rates obtained by the European Union-25 (2.8%) and by the Euro Zone (2.6%). The US economy obtained 3.6% growth, point six lower.

This significant inter-annual growth in the second quarter shows, at the same time, a slight inter-quarterly decrease; inter-quarterly growth was 1.4% in the first quarter of the year and fell to 1.0% in the second.

**Graph 1. GDP p/m. Inter-annual growth rates. (%)**



Data corrected for seasonal and calendar effects.

**Source:** *Quarterly Economic Accounts, Eustat.*  
*State Data, INE . UE 25 and USA Data, Eurostat.*

**From a Supply perspective**, the most dynamic sector, once again, was **Construction** which registered growth 5.6%, improving the inter-annual value for the

previous quarter by point three (5.3%). If we compare the inter-quarterly trend, the growth rate of Construction increased from 1.1% in the first quarter to 1.2% in the second.

Without doubt it was the **Sector Industrial** that, with its slow-down, marked the evolution of the GDP in the second quarter of 2006, which despite an inter-annual rate of 4.6% continued to be highly positive and above the sectorial average, at the same time showing a downward trend in comparison with the first quarter (5.4%). Energy and capital goods are the most dynamic branches in this sector.

**Table 1. GDP p/m. Supply. Indices of chained volume. Inter-annual growth rates. A.C. of the Basque Country**

	2004	2005	2004		2005				2006	
			III	IV	I	II	III	IV	I	II
Agriculture and fishing	29,9	-11,5	34,4	13,9	-4,1	-10,5	-14,8	-16,7	-10,8	0,4
Industry	2,9	4,4	3,3	2,2	3,7	4,3	4,5	5,2	5,4	4,6
Construction	4,4	5,3	4,3	3,9	4,9	5,3	5,4	5,8	5,3	5,6
Services	3,2	3,6	3,0	3,0	3,3	3,5	3,7	3,7	3,4	3,3
Net taxes on products	4,5	5,0	4,0	5,4	4,1	4,7	5,6	5,6	7,4	7,1
<b>Gross Domestic Product at market prices</b>	<b>3,6</b>	<b>3,9</b>	<b>3,5</b>	<b>3,1</b>	<b>3,5</b>	<b>3,9</b>	<b>4,0</b>	<b>4,3</b>	<b>4,4</b>	<b>4,2</b>

Data corrected for seasonal and calendar effects.

**Source: Quarterly Economic Accounts. Eustat**

**The Services Sector** contributed with 3.3% inter-annual growth and, while **Market Services** maintained the same inter-annual rate as the first quarter with 3.5% growth and showed an upward inter-quarterly profile, rising from 0.3% in the first quarter to 1.4% in the second, **Non Market Services** fell by point two in an inter-annual comparison, but improved with regard to the previous quarter.

**The Primary Sector** which had registered a 10.8% inter-annual decrease in the previous quarter, returned positive growth rates in the second quarter (0.4%), thanks to the contribution of the fishing subsector (12.4%).

**From the perspective of Demand**, inter-annual growth in the second quarter of the year continued to be sustained by Internal Demand, which reached a growth rate of 4.4%, despite losing point two on the first quarter (4.6%), as the negative contribution of the foreign trade balance (Exports minus Imports) did not vary from the first quarter to the second. Total Exports obtained 4.3% inter-annual growth and total Imports increased by 5.4%.

**Expenditure on household consumption**, i.e. Private Consumption fell slightly in an inter-annual comparison and more notably in an inter-quarterly comparison. In addition, Public Consumption showed a more progressive profile in both comparisons. As a consequence, Final Consumption obtained 3.9% growth in the second quarter, point one less than in the first (4.0%).

**Investment**, Gross Formation of Capital, continued to be the most active component of demand in the second quarter of the year, with an inter-annual rate of 5.9%. It was point two lower than the inter-annual rate for the first quarter (6.1%), but maintained the inter-quarterly dynamism, thanks to the performance by Construction and the good evolution of the branch of capital goods, both in household production and imports. Growth continued to be two percentage points higher than Final Consumption (3.9%).

**Table 2. GDP p/m. Demand. Indices of chained volume. Inter-annual growth rates. A.C. of the Basque Country**

	2004	2005	2004		2005				2006	
			III	IV	I	II	III	IV	I	II
Final home consumer spending	4,4	4,1	4,0	3,8	3,7	4,2	4,2	4,4	4,2	4,1
Final Public Administration consumer spending	3,5	2,7	3,5	3,5	3,1	3,2	2,1	2,5	2,8	2,9
Gross formation of capital	7,5	6,3	7,6	7,9	6,1	6,3	6,2	6,6	6,1	5,9
Internal Demand	5,1	4,5	4,8	4,7	4,2	4,6	4,4	4,7	4,6	4,4
Total exports	4,9	5,1	5,0	4,6	4,5	4,3	5,3	6,4	5,0	4,3
Total imports	7,3	6,0	6,6	6,5	5,5	5,5	5,9	7,1	6,3	5,4
<b>Gross Domestic Product at market prices</b>	<b>3,6</b>	<b>3,9</b>	<b>3,5</b>	<b>3,1</b>	<b>3,5</b>	<b>3,9</b>	<b>4,0</b>	<b>4,3</b>	<b>4,4</b>	<b>4,2</b>

Data corrected for seasonal and calendar effects.

**Source: Quarterly Economic Accounts. Eustat**

Personnel employed in the economic sectors of the A.C. of the Basque Country was one point two higher than the level in the first quarter of 2006 and the inter-annual evolution was 2.4% with regard to the second quarter of 2005, the Construction sector having the highest relative growth.

The inter-annual evolution of the **GDP of the three Provinces** in the second quarter of 2006 does not represent large variations with regard to the community average (4.2%). GDP growth in Bizkaia came to 4.3%, point one higher than the average, while Álava (4.1%) and Gipuzkoa (4.0%) were below the total GDP growth rate.

As usual in the methodological procedure of EUSTAT, the data summary for 2004 has been catalogued as definitive and the provisional data for 2005 become summary data. In this way, the estimation of GDP growth for 2004 rose from 0.3% to 3.6% and for 2005 from 3.7% to 3.9%.

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