

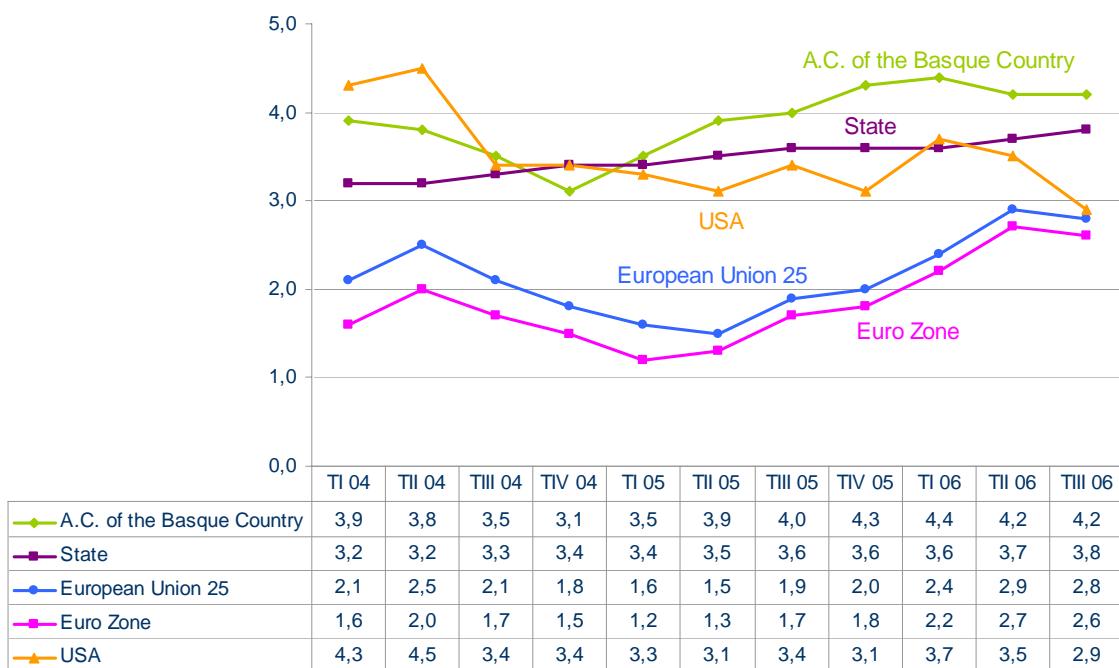
The GDP of the A.C. of the Basque Country registered 4.2% inter-annual growth in the third quarter de 2006

Industry and construction are the sectors that offered higher than average growth

Gross domestic product (GDP) generated by economic activity in the A.C. of the Basque Country registered 4.2% real growth in the third quarter of the year, with regard to the same quarter in 2005, according to EUSTAT. This growth figure for the economy of the A.C. of the Basque Country in the third quarter was point four higher than that of the Spanish economy (3.8%) and is well above the euro zone (2.6%) and the EU25 (2.8%).

This significant inter-annual growth in the third quarter also show a slight inter-quarterly increase; inter-quarterly growth was 1.0% in the second quarter of the year and 1.2% in the third.

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 the perspective of productive sectors, the **Construction** sector repeats as the most active due to 5.2% inter-annual growth, although the inter-monthly rate fell by

point five percent: this rate was 1.2% in the second quarter of 2006 and fell to 0.7% in the third. The contribution was 0.4% to the inter-annual growth of the whole of the economy.

Industry continued to mark an upward trend, both in inter-annual terms (in comparison with the third quarter of 2005) and in inter-monthly terms (in relation to the second quarter of 2006). The former is point two percent higher than the previous quarter (4.8% now and 4.6% previously) and the second rose from 0.8% to 2.9%. the contribution of industry to the inter-annual growth of the economy was 1.2%.

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

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

Data corrected for seasonal and calendar effects.

Source: Quarterly Economic Accounts. Eustat

The Services Sector improved inter-annual growth by rising from 3.3% the second quarter to 3.5% in the third, but at the same time showing a point five percent inter-quarterly decrease. Both **Market Services** and **Non Market Services** showed a growing trend with regard to second quarter data. However, the former registered an inter-quarterly slowdown, while the latter improved their inter-quarterly trend. The services sector contributed 1.9 points of the 4.2 points that the economy has grown since the third quarter of 2005.

The Primary Sector fell by 0.2% in inter-annual terms, due to the impact of the negative evolution of agriculture, which was not compensated for by the growth in fishing due to its relatively low weight.

From the perspective of Demand, the inter-annual evolution of the economy of the A.C. of the Basque Country is shaped, once again, by the progression of internal Demand, which reached a growth rate of 4.4% with regard to the third quarter of 2005, staying at the same inter-annual level as the previous quarter. The contribution to total growth of the economy was 4.6 points, higher than total growth in GDP (4.2%), as the foreign balance was point four lower (-0.4). Exports grew to an inter-annual rate of 6.9% and imports increased their percentage to 7.3%.

Expenditure on household consumption, i.e. Private Consumption, kept the same inter-annual rate as the previous quarter with 4.1%, although there was a slight inter-quarterly increase of point one with regard to the previous quarter (0.4% on 0.3%). **Public Consumption** shows a less positive profile, inter-annual growth falling by point four and the inter-quarterly evolution by point nine. As a result, **Final Consumption** lost strength, both in inter-annual and inter-quarterly comparisons.

Investment or Gross Capital Formation continued, as over previous quarters, to sustain the trend of Internal Demand. With 6.0% inter-annual growth in investment, the

data for the previous quarter was surpassed, thanks to the good performance by construction and the evolution of investment in capital goods.

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

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

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 0.7 points higher than the level in the second quarter of the year and the inter-annual growth was 2.6% with regard to the third quarter of 2005, the Construction sector having the highest relative growth, with 5.0% inter-annual growth.

The inter-annual evolution of the **GDP of the three Provinces** in the third quarter of the year does not represent large variations. Inter-annual growth in GDP in Álava was 4.1%, the same level as the inter-annual rate for the previous quarter anterior, growth in Bizkaia (4.2%) coincided with the average for the A.C. of the Basque Country and Guipúzcoa (4.3%) was point one higher than the Community average. In the case of Álava and Guipúzcoa there was a slight inter-quarterly acceleration, while in Bizkaia there was a slight inter-quarterly slowdown.

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