

QUARTERLY ECONOMIC ACCOUNTS (CET) 3rd QUARTER 2007

The economy of the A.C. of the Basque Country maintained inter-annual growth of 3.8% in the third quarter of 2007

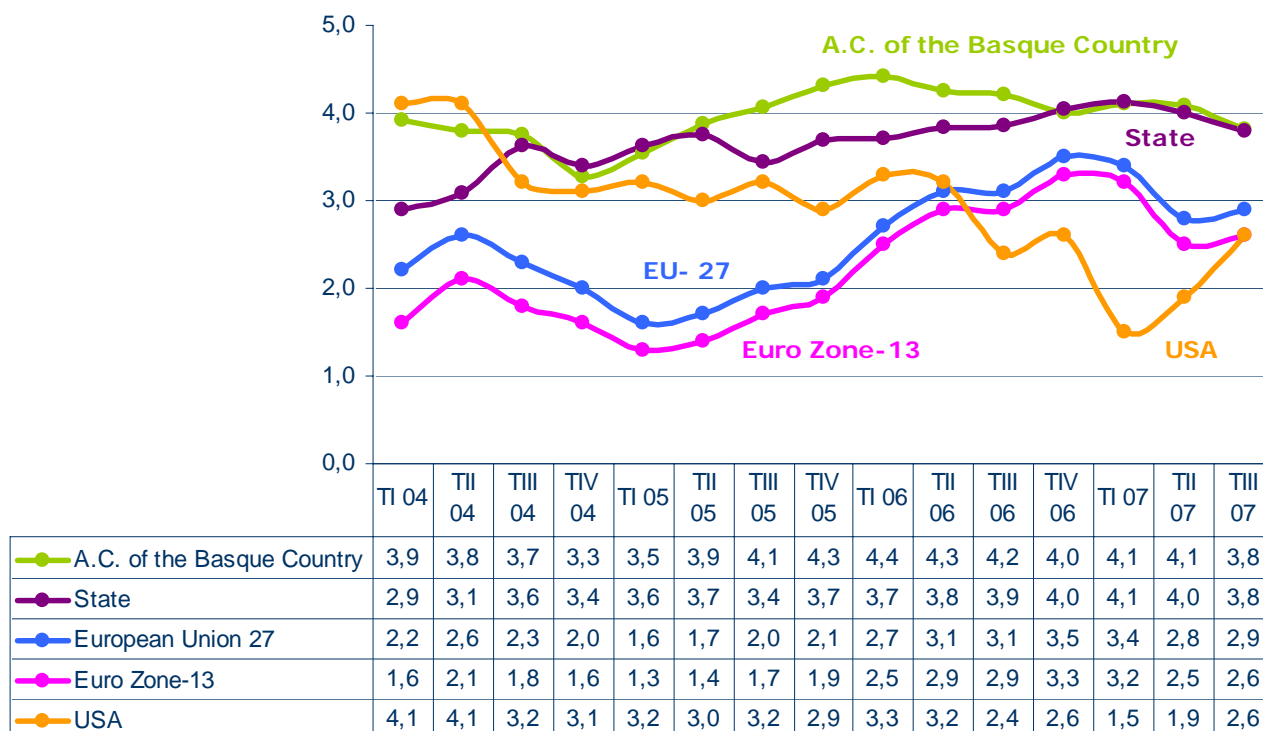
The million of jobs sustained by the Basque economy is consolidated for a second quarter

GDP created by economic activity in the A.C. of the Basque Country registered real growth of 3.8% in the third quarter of 2007, compared to the same period of 2006, according to EUSTAT data. The high growth rates of the Basque economy were seen to slow down, but were still higher, both in terms of inter-annual and inter-quarterly comparisons, to nearly all the benchmark economies.

The growth of the Basque economy in this third quarter is identical to that registered by the Spanish economy (3.8%), which was 1.2 points than that registered by the USA (2.6%) and by the Euro Zona-13 (2.6%).

The inter-quarterly evolution of the GDP, with respect to the second quarter of the year, stood at 0.9%, one tenth down on the previous quarter. There was also a slight slowing down of the inter-quarterly growth rate of the Spanish economy and it fell by two tenths (from 0.9 to 0.7%). The EU-27 grew at an inter-quarterly rate of 0.8% and the US economy at 1.0%. In both cases, there were positive fluctuations with respect to the previous quarter, of three and one tenth respectively.

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



Data corrected for seasonal and calendar effects.

Source: Quarterly Economic Accounts, Eustat State Data: INE. EU-27, Euro Zone-13 and US data: Eurostat.

The Primary sector among the supply sectors maintained positive inter-annual growth rate (2.0%), but much more moderate than in the previous quarter (11.5%). Although its relative lack of weight is limited, this evolution meant a moderate contribution to the total growth rate.

The Industrial Sector maintained notable inter-annual growth of 3.6%, even though it was one point less than the previous quarter. The capital good sector continued to grow strongly, thanks to its good industrial production. The inter-quarterly performance remained positive, and was up to 1.9% from 0.6%. Even though they had moderated, exports overseas remained at a high rate of 9.5%.

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

	2005	2006	2005		2006				2007		
			III	IV	I	II	III	IV	I	II	III
Agriculture and fishing	-13,8	-9,8	-28,2	-33,0	-16,5	-7,8	-8,1	-5,3	8,1	11,5	2,0
Industry	4,9	4,9	5,0	5,7	5,6	4,6	4,8	4,6	4,9	4,6	3,6
Construction	4,7	5,1	4,7	5,2	4,8	5,3	5,1	5,0	4,5	4,4	4,3
Services	3,5	3,8	3,6	3,8	3,7	3,7	3,9	3,8	3,7	3,6	3,6
Net taxes on products	5,0	5,3	5,6	5,4	6,7	6,1	4,9	3,6	4,0	4,2	4,7
Gross Domestic Product at market prices	4,0	4,2	4,1	4,3	4,4	4,3	4,2	4,0	4,1	4,1	3,8

Data corrected for seasonal and calendar effects.

Source: Quarterly Economic Accounts. EUSTAT

Construction continued to post maximum growth rates (4.3%), even though growth had slowed down by one tenth. In inter-quarter terms, growth fell from 1.2 to 0.7%. The evolution of the building sub-sector was the reason for growth slowing down.

Market Services lost point one tenth in inter-annual terms (3.6%); **Non-Market Services** grew at an inter-annual rate of 3.6% and an inter-quarterly one of 0.1%, with the former gaining three tenths and the inter-quarterly rate remaining stable. Consequently, the inter-annual rate for Services as a whole remained unchanged (3.6%) from the previous quarter, while its inter-quarterly position fell from 1.3% to 0.7%.

From the perspective of **Demand, Household Final Consumption Expenditure (Private Consumption)**, which represented 60% of GDP, decreased by four tenths in inter-annual terms, and stood at 3.3%. Inter-annual growth was one tenth down on the previous quarter.

Public Administration Final Consumption Expenditure (Public Consumption) continued with the upward trend that began a year earlier, progressing at an inter-annual rate of 4.2% and an inter-quarterly one of 0.7%.

As a result of the evolution of private and public consumption, **Final Consumption** grew at an inter-annual rate of 3.4% compared to 3.7% in the previous quarter, which meant a slight tapering off could be seen.

The other component of Internal Demand, **Gross Formation of Capital (Investment)**, was once more the most dynamic factor of Internal Demand and showed inter-annual growth of 5.8%. This evolution, which was solid but more moderate than in the previous quarter, leaned more than ever on the contribution of the construction sector and the capital goods.

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

	2005	2006	2005		2006				2007		
			III	IV	I	II	III	IV	I	II	III
Final home consumer spending	4,1	4,2	4,1	4,4	4,3	4,2	4,2	4,0	3,9	3,7	3,3
Final Public Administration consumer spending	2,7	2,8	2,0	2,4	2,7	2,9	2,6	2,9	3,0	3,7	4,2
Gross formation of capital	6,1	6,0	6,0	6,3	6,1	5,9	5,9	6,1	6,6	6,6	5,8
Internal Demand	4,4	4,5	4,3	4,7	4,6	4,5	4,5	4,4	4,5	4,5	4,1
Total exports	5,1	7,5	5,3	6,3	8,0	5,4	8,3	8,3	6,5	9,0	6,5
Total imports	5,8	7,7	5,6	6,9	8,1	5,7	8,4	8,5	7,0	9,2	6,7
Gross Domestic Product at market prices	4,0	4,2	4,1	4,3	4,4	4,3	4,2	4,0	4,1	4,1	3,8

Data corrected for seasonal and calendar effects.

Source: Quarterly Economic Accounts. EUSTAT

The number of Employed Personnel in the A.C. of the Basque Country showed an inter-annual increase of 2.3% in the third quarter of 2007, and ended with a consolidated number of one million jobs, specifically 1,016,388, generated by the Basque economy. All the activity sectors have positively contributed to the net generation of jobs, except for the primary sector.

The inter-annual evolution of **GDP in the three provinces** of the A.C. of the Basque Country in the third quarter of 2007 showed some differences between their inter-annual rates as regards the same period of the previous year. The highest growth in GDP took place in Gipuzkoa with 4.0%, followed by Bizkaia with 3.9% and in third place Álava, with growth in GDP of 3.1%.

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