

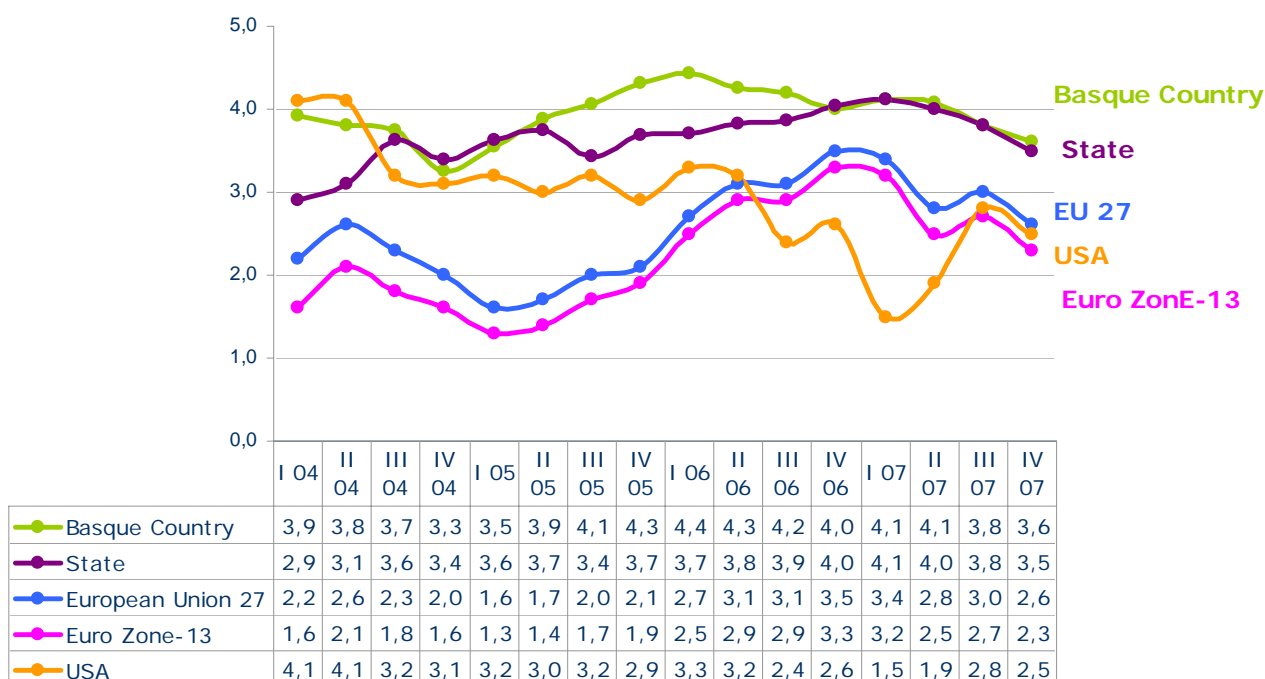
QUARTERLY ECONOMIC ACCOUNTS (QEA) 4<sup>th</sup> QUARTER 2007 AND ANNUAL BALANCE 2007

## The GDP of the Autonomous Community of the Basque Country grew 3.9% and nearly 24,000 net jobs were created during 2007

***Sectorial growths in Industry, Building and Services have kept a balanced pace around this average, with the exception of the Primary sector which grew 8.0%***

The GDP generated by the economy of the Autonomous Community of the Basque Country registered a real growth of 3.9% in 2007, according to data elaborated by EUSTAT. This rate is 0.1% above that obtained by the Spanish economy (3.8%), one point above that estimated for the EU-27 (2.9%) and 1.7% above that of the USA. (2.2%). Nearly 24.000 net jobs were generated in 2007, 2.4% more than those generated in 2006.

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



Data corrected taking into account seasonal and calendar effects.

Source: Quarterly Economic Accounts, Eustat. Data for Spain: INE. Data EU-27, Euro zone-13 and USA: Eurostat.

During the fourth quarter 2007, in comparison with the same quarter in the previous year, the GDP of the Autonomous Community of the Basque Country moderated its noteworthy growth attaining a real growth rate of 3.6%, 2% below the inter-annual rate registered in the previous quarter. This rate is also 0.1% above that obtained by the Spanish economy (3.5%), and 1% above that estimated for the EU-27 (2.6%) and over 1% above that of the USA (2.5%).

Inter-quarterly increase for the fourth quarter compared with the third quarter 2007 reached 0.1%. This inter-quarterly variation was of 0.8% for the Spanish economy, 0.2% for the American economy and 0.5% for the average of the European Union-27.

**From the perspective of the offering sectors**, the impulse of the **building** sector has slowed down during this fourth quarter of the year, reaching an inter-annual rate of 2.9% (1.4% below that corresponding to the previous quarter). The inter-quarterly growth indicates a profile that is inclined towards moderation in the sector, and that amounts to 0.5%.

The **Industrial Sector**, within inter-annual growth rate of 2.3%, denotes a level of activity that is below the GDP average during this fourth quarter of the year.

**Market services** reach an inter-annual growth of 3.6%, an identical rate for that obtained during the third quarter of the year. **Non-market Services**, on the other hand, show an upward evolution during the second half of the year both in inter-quarterly and inter-annual terms, attaining in inter-annual growth of 7.4%.

**Table 1. GDP p/th. Offer. Volume Indexes. Inter-annual growth rates. Autonomous Community of the Basque Country**

	2006	2007	2006				2007			
			I	II	III	IV	I	II	III	IV
Agriculture and fishing	-9,8	8,0	-16,5	-7,8	-8,1	-5,3	8,2	11,5	2,0	10,8
Industry	4,9	3,8	5,6	4,6	4,8	4,6	4,9	4,6	3,7	2,3
Construction	5,1	4,0	4,8	5,3	5,1	5,0	4,5	4,4	4,3	2,9
Services	3,8	3,8	3,7	3,7	3,9	3,8	3,7	3,6	3,6	4,2
Net taxes on products	5,3	4,3	6,7	6,1	4,9	3,6	4,0	4,2	4,8	4,4
<b>Gross Domestic Product at market prices</b>	<b>4,2</b>	<b>3,9</b>	<b>4,4</b>	<b>4,3</b>	<b>4,2</b>	<b>4,0</b>	<b>4,1</b>	<b>4,1</b>	<b>3,8</b>	<b>3,6</b>

Data corrected taking into account seasonal and calendar effects.

Source: Quarterly Economic Accounts, Eustat

As a consequence of such evolutions, the **Services** sector consolidated very stable growth rates during 2007, with a peak 4.2% during the fourth quarter due to the expensive behaviour of the non-market services.

The **Primary Sector** detained a positive inter-annual variation of 10.8%, very much above that of previous quarters, although, in inter-quarterly terms, a 4.7% drop is observed with respect to the third quarter of the year.

**From the perspective of demand**, the **Final Household Consumption Expenditure (Private Consumption)** grows 0.1% in inter-annual terms, reaching 3.2%. Inter-quarterly growth, however, is 0.5% higher than that of the previous quarter.

The **Final Administration Consumption Expenditure**, Public Consumption, James and inter-annual growth rate during the fourth quarter of 4.2% identical to that of the previous quarter, thus showing a slight inter-annual acceleration profile mostly concentrated in the second half of 2007.

In the fourth quarter of 2007, the most dynamic factor of Internal Demand was **Gross Capital Formation (Investment)** that attained in inter-annual growth of 4.5%, of the reaching its growth rate with respect to the previous quarter, a consequence of the decrease in impulse of building and consumer goods.

Total **Exports** attained a 6.6% growth and total **Imports** a 6.4% growth over the same. In the previous year, and this brings down GDP growth deduction to just 0.1%, compared to 0.3% in the previous quarter, all of which reflects a better behaviour of the exterior sector.

**Employed personnel grows** 2.3% over the last quarter of 2006 and 0.2% over the third quarter of 2007. The four big sectors have produced positive rates, the most noteworthy amongst them being Agriculture and Fishing and the Services, with inter-annual growths above the 4% and 3.2% averages, respectively.

Has referred to **GDP per historical territory**, during the fourth quarter of 2007, Bizkaia and Gipuzkoa, with 3.8% of the inter-annual growth, outpace Aava, growth of which has been of 2.7%.

**Table 2. GDP p/th. Demand. Volume indexes. Inter-annual growth rates. Autonomous Community of the Basque Country**

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

Data corrected taking into account seasonal and calendar effects.

Source: Quarterly Economic Accounts, Eustat

***Annual balance 2007: GDP grew 3.9% and throughout the year was above the million jobs and maintained by the Basque economy***

**The highest sectorial growth corresponded to the Primary Sector**, that reached in 2007 a rate of 8%. **Industry** grew at an annual rate of 3.8%, compared to 4.9% the previous year. **Building** grew 4%, 0.1% above GDP growth, but 1.1% less than the previous year.

**Services** grew 3.8%, the same increase as in 2006, with differences between **Market Services** (3.7%) and **Non-market Services** (4.3%).

**Internal Demand**, with a growth of 4.2%, 0.3% less than in 2006, is what maintains GDP impulse in 2007. **Investments** were the most dynamic Internal Demand component as it reached an increase of 5.9%.

**Final consumption** (3.6%) is the result of two different elements in its evolution and volume. On one hand, Private Consumption, that grows 3.5% (compared to 4.2% the previous year), whereas Public Consumption turned out to be more active, with 3.7% (compared to 2.8% the previous year).

**Employed personnel** increased 2.4% in 2007 with respect to the previous year with the creation of nearly 24,000 net jobs. For the first time ever, in the second quarter of 2007 the million-job mark, generated by Basque economy, was finally overcome, and this trend consolidated itself throughout the second quarter of the year reaching an average 1,011,000 jobs in 2007.

The three most representative sectors of the Autonomous Community of the Basque Country that offered the best net job creation index in 2007 were the Services Sector with a 3.3% growth, followed by Building with 2.2% and Industry with 0.7%. The only sector in which employment has the increased was the primary sector with the decrease of -1.9%.

As for GDP territorial distribution in 2007, Gipuzkoa and Bizkaia with 4.1% and 4.0% respectively, are above the rate of Alava, which reached 3.1%.

Employment also have a positive behaviour in the three territories, led by Bizkaia with a 2.5% increase, followed by Gipuzkoa with 2.4% and Alava with 2.2%.

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