

## QUARTERLY ECONOMIC ACCOUNTS (CET) 3rd QUARTER 2008

## The GDP of the A.C. of the Basque Country posted year-on-year growth of 1.9% in the third quarter of 2008

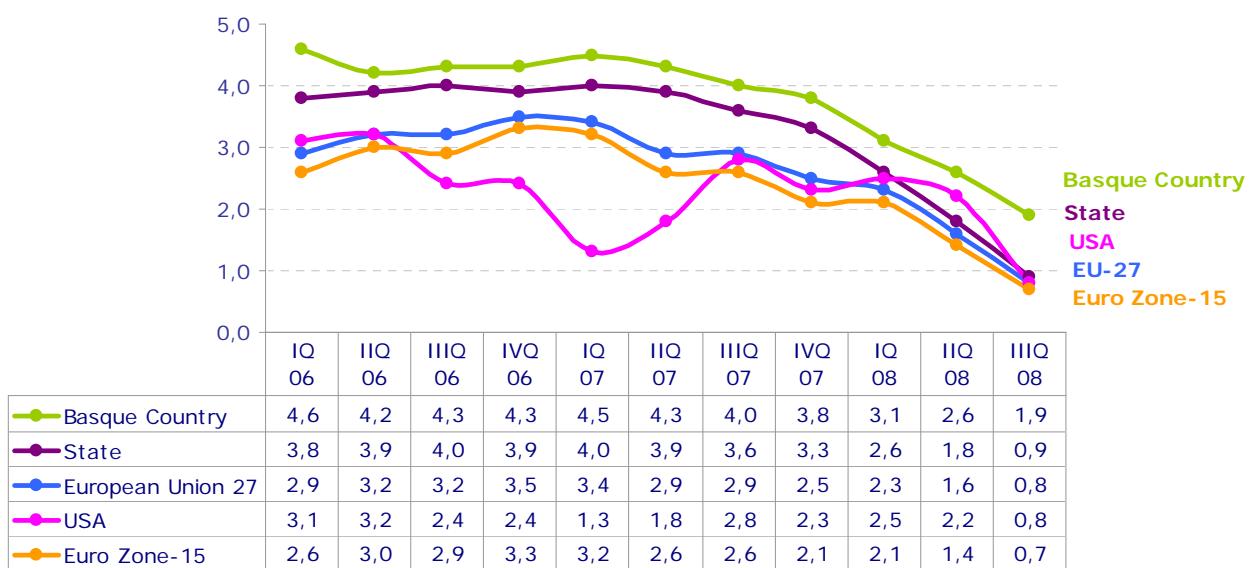
*Quarter-on-quarter growth stood at 0.3%, in comparison to some of the main European economies, including Spain, where growth was negative this quarter.*

GDP created by economic activity in the A.C. of the Basque Country registered real growth of 1.9% in the third quarter of 2008, compared to the same period of 2007, according to EUSTAT data.

**This growth rate of 1.9% is double that** recorded by the Spanish economy (0.9%), the economy of the European Union-27 (0.8%) and the US economy (0.8%).

**The quarter-on-quarter increase of the Basque GDP for the third quarter compared to the second of 2008 stood at 0.3%.** This quarter-on-quarter fluctuation was 0.2 negative percentage points for the Spanish economy and that of the European Union-27 and 0.1 negative percentage point for the US economy. Various countries have entered into recession according to the technical definition of two consecutive quarters of economic decline, including Germany and Italy, and the whole of the Euro Zone-15.

**Graph 1. GDP m/p. Year-on-year growth rates. (%)**



*Data corrected for seasonal and calendar effects.*

Source: Quarterly Economic Accounts, Eustat State Data: INE. EU-27, Euro Zone-15 and US data: EUROSTAT.

**From the perspective of the supply sectors**, the service sector and the primary sector have exceeded the average growth of the Basque economy, while industry has grown by 1.00% and construction has fallen by 1.0%.

The **Industrial Sector**, in this third quarter, continued to grow at a positive rate, and was up by 1.0%.

The **Construction Sector**, for the first time in the decade, posted a negative year-on-year growth rate of 1.0%, conditioned by the negative evolution of the building sub-sector that could not be offset by civil works.

The Service Sector increased at a rate over the GDP, with global growth of 2.8%, but performances within the sector were different. The **Market Services** posted year-on-year growth of 2.3%, while the **Non-Market Services** continued to grow at the steady rate of previous quarters, with year-on-year growth of 5.6%.

The **Primary Sector** improved its rate of growth with respect to previous quarters and recorded year-on-year growth of 2.2%.

**Table 1. GDP m/p. Supply. Chain volume indexes. Inter-annual growth rates (\*). A.C. of the Basque Country**

	2006	2007	2006		2007				2008		
			III	IV	I	II	III	IV	I	II	III
Agriculture and fishing	-4,4	9,8	-2,4	0,1	9,8	15,5	-0,2	14,9	5,3	-0,2	2,2
Industry	4,2	4,0	3,9	4,3	5,3	4,8	3,9	2,2	1,8	1,4	1,0
Construction	4,2	4,6	4,2	4,1	5,3	5,0	4,9	3,3	2,4	1,1	-1,0
Services	4,5	4,2	4,6	4,6	4,2	4,0	4,1	4,6	3,6	3,4	2,8
Net taxes on products	4,8	3,4	4,2	3,3	3,0	3,6	3,8	3,1	3,5	3,1	1,9
<b>Gross Domestic Product at market prices</b>	<b>4,4</b>	<b>4,1</b>	<b>4,3</b>	<b>4,3</b>	<b>4,5</b>	<b>4,3</b>	<b>4,0</b>	<b>3,8</b>	<b>3,1</b>	<b>2,6</b>	<b>1,9</b>

(\*) Data corrected for seasonal and calendar effects.

Source: Quarterly Economic Accounts. EUSTAT

**From the point of view of Demand**, the most significant facts are the contraction of Internal Demand by 0.7 percentage points, which fell to a year-on-year rate of 1.8%, together with the positive contribution of the foreign trade balance. This is due to the third consecutive term with exports (5.9%) growing at faster rate than imports (5.7%).

When broken down by components, **Family Expenditure, or private consumption**, grew at a year-on-year rate of 0.9% ( half a percentage point down on the previous quarter), which means that Internal Demand is slowing down at an even faster rate.

**Final Consumption of General Government, or public consumption**, which includes public expenditure on goods and services, grew by over 5%, as in previous quarters.

**Table 2. GDP m/p. Demand. Chain volume indexes. Inter-annual growth rates (\*). A.C. of the Basque Country**

	2006	2007	2006		2007				2008		
			III	IV	I	II	III	IV	I	II	III
Final home consumer spending	3,7	3,4	3,7	3,5	3,6	3,7	3,2	3,0	2,4	1,4	0,9
Final Public Administration consumer spending	4,3	5,5	4,2	4,5	5,4	3,9	6,3	6,4	5,1	5,6	5,1
Gross formation of capital	5,9	5,5	5,8	5,4	6,7	6,0	5,4	5,0	3,1	3,2	2,0
Internal Demand	4,4	4,4	4,3	4,1	4,8	4,4	4,4	3,9	3,0	2,5	1,8
Total exports	6,2	7,6	6,7	6,8	6,0	8,5	8,6	7,1	6,9	9,0	5,9
Total imports	6,1	7,6	6,6	6,3	6,4	8,1	8,9	7,2	6,6	8,2	5,7
<b>Gross Domestic Product at market prices</b>	<b>4,4</b>	<b>4,1</b>	<b>4,3</b>	<b>4,3</b>	<b>4,5</b>	<b>4,3</b>	<b>4,0</b>	<b>3,8</b>	<b>3,1</b>	<b>2,6</b>	<b>1,9</b>

(\*) Data corrected for seasonal and calendar effects.

Source: Quarterly Economic Accounts. EUSTAT

The **Gross Capital Formation (Investment)**, mainly due to the evolution of the construction sector, was down by 1.2 percentage points with respect to the previous quarter, even though it continued to grow at a rate over the average for the Basque economy, with a 2% fluctuation in the year-on-year rate.

Total **exports** grew by 5.9% and total **imports** were up by 5.7%, which meant that our Foreign Trade Balance played a positive role in the growth of the economy.

This third quarter of 2008 saw the **net creation of over 5,000 jobs**, 0.6% more than the year-on-year rate. By sectors, the only sector that offered a positive rate was the service sector, with 1.6% growth, while the other sectors posted negative rates of 0.3% by the primary sector, 0.2% the industrial sector and 3.8% construction.

As far as the evolution of the **GDP by province** was concerned, growth was very uniform in this third quarter of 2008, with very similar year-on-year growth rates in all of them: 1.8% in Álava, 1.9% in Bizkaia and 2% in Gipuzkoa.

**For further information:**

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