

QUARTERLY ECONOMIC ACCOUNTS OF THE BASQUE COUNTRY (CET) 3<sup>RD</sup> QUARTER 2012

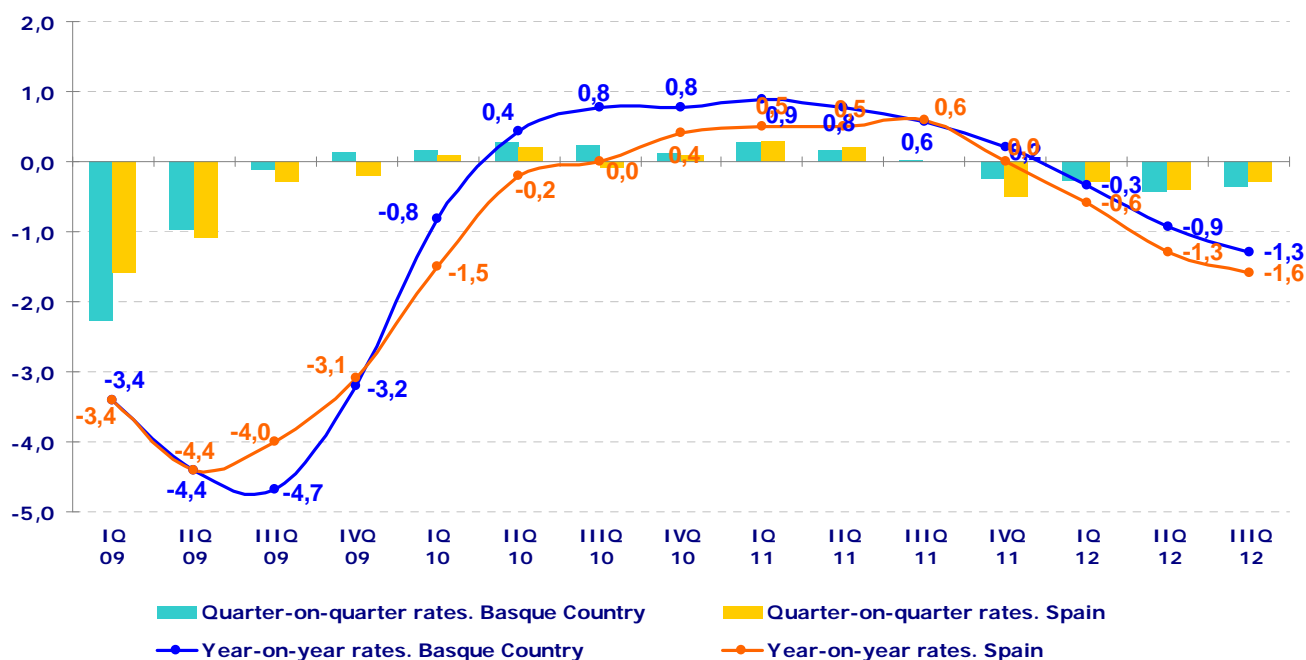
## The GDP of the Basque Country registered a year-on-year fall of 1.3% in the third quarter of 2012

*The variation was also negative (-0.4%) with respect to the previous quarter*

In the third quarter of 2012, the GDP of the Basque Country experienced a year-on-year fall of 1.3%, according to data provided by Eustat. A decrease of 1.6% was registered for the Spanish economy as a whole, according to data published by the INE.

In comparison with the previous quarter, the GDP of the Basque Country registered a decrease of 0.4% in the third quarter, the fourth consecutive quarter-on-quarter decrease. This variation is one tenth more negative than the figure for the Spanish economy as a whole.

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



Source: EUSTAT - Quarterly Economic Accounts - and INE

**From the point of view of supply**, the year-on-year decrease of the GDP is the result of the negative performance of all sectors, with the exception of the primary sector. Net Taxes on Products also suffered a descent in comparison with the third quarter of 2011, in a more pronounced manner than in the previous quarter.

**Table 1. GDP m/p. Supply. Chain volume indexes. Year-on-year growth rates. Basque Country. %**

	2010	2011	2011				2012		
			I	II	III	IV	I	II	III
Agriculture and fishing	24,7	-7,6	-13,9	-16,0	-21,6	16,9	18,0	12,6	6,8
Industry	1,8	2,1	3,7	3,3	1,5	-0,2	-1,1	-2,6	-2,7
Construction	-9,8	-5,3	-4,6	-5,6	-6,0	-4,8	-5,9	-6,2	-5,7
Services	0,6	0,9	0,8	1,0	1,3	0,6	0,2	0,0	-0,5
Net taxes on products	2,0	0,2	0,0	-0,5	0,3	0,9	0,8	-0,1	-0,5
<b>Gross Domestic Product at market prices</b>	<b>0,3</b>	<b>0,6</b>	<b>0,9</b>	<b>0,8</b>	<b>0,6</b>	<b>0,2</b>	<b>-0,3</b>	<b>-0,9</b>	<b>-1,3</b>

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

The **Primary** sector registered positive evolution in both year-on-year (6.8%) and quarter-on-quarter terms (18.9%).

The **Industry** sector presented negative performance for the fourth consecutive quarter in year-on-year terms (-2.7%). The added value of industry continues the trend of quarter-on-quarter downturn for the fifth consecutive quarter, accentuating its descent with a negative rate of -0.7%.

**Table 2. GDP m/p. Supply. Chain volume indexes. Year-on-year growth rates. Basque Country. %**

	2011				2012		
	I	II	III	IV	I	II	III
Agriculture and fishing	-41,8	6,6	25,3	50,3	-41,3	1,7	18,9
Industry	0,7	1,3	-0,6	-1,6	-0,2	-0,2	-0,7
Construction	-2,7	-2,0	-1,5	1,3	-3,8	-2,4	-0,9
Services	0,3	0,4	0,0	-0,1	-0,1	0,2	-0,6
Net taxes on products	-1,8	0,6	1,2	1,0	-2,0	-0,3	0,8
<b>Gross Domestic Product at market prices</b>	<b>0,3</b>	<b>0,2</b>	<b>0,0</b>	<b>-0,2</b>	<b>-0,3</b>	<b>-0,4</b>	<b>-0,4</b>

Data corrected for seasonal and calendar effects.

Source: EUSTAT. Quarterly Economic Accounts

The contraction of the **Construction** sector in year-on-year terms is eased slightly in this quarter, with a fall of 5.7%. With regards to the previous quarter, the added value of the sector also experiences a setback, although not as pronounced as in the previous quarter (-0.9% this quarter compared to -2.4% in the previous quarter).

The activity of the **Market Services** sector once again dropped, both in year-on-year and quarter-on-quarter terms, with a negative variation rate of -0.3% in year-on-year terms and of -0.7% in quarter-on-quarter terms. This performance accentuates the deceleration observed in the preceding quarters.

The **Non-Market Services** sector registered a fall in the level of activity with a drop in the year-on-year rate of 1.5% and quarter-on-quarter growth of 0.3%, more restrained than in the previous quarter (2.0%).

Considering the **Services** sector as a whole, both the year-on-year rate and the quarter-on-quarter rate are negative, falling 0.5% in comparison with the same quarter in the previous year. In quarter-on-quarter terms, a descent of 0.6% was registered.

Aggregated sectorial performance produced a negative evolution of **Added Value** of -1.4% in year-on-year terms and of -0.5% in quarter-on-quarter terms. This is the third consecutive quarter with both rates reporting negative values.

**From the point of view of Demand**, as in previous quarters, the foreign trade sector made a positive contribution to growth, despite further descent in the levels of exportation and importation, with negative variation rates in both year-on-year and quarter-on-quarter terms.

**Table 3. GDP m/p. Demand. Chain volume indexes. Year-on-year growth rates. Basque Countryi. %**

	2010	2011	2011				2012		
			I	II	III	IV	I	II	II
Final home consumer spending	0,9	0,6	0,8	0,3	0,9	0,5	0,1	-1,4	-0,9
Final Public Administration consumer spending	2,3	-0,8	1,3	1,3	-2,0	-3,6	0,2	-2,4	-3,0
Gross formation of capital	-6,0	-1,5	-1,8	-1,0	-0,2	-2,8	-4,2	-4,6	-4,3
Internal Demand	-0,5	-0,1	0,3	0,2	0,2	-1,0	-0,9	-2,3	-2,0
Total exports	7,6	9,0	13,3	3,2	12,4	7,3	-2,3	-0,1	-8,5
Total imports	5,5	7,4	11,6	2,1	11,1	4,9	-3,0	-2,1	-9,1
<b>Gross Domestic Product at market prices</b>	<b>0,3</b>	<b>0,6</b>	<b>0,9</b>	<b>0,8</b>	<b>0,6</b>	<b>0,2</b>	<b>-0,3</b>	<b>-0,9</b>	<b>-1,3</b>

*Data corrected for seasonal and calendar effects.*

**Source: EUSTAT. Quarterly Economic Accounts.**

**Household Final Consumption Expenditure(Private Consumption)**, following the trend of deceleration observed in previous quarters, registered a drop of 0.9% in comparison with the same quarter in the previous year. In quarter-on-quarter terms, growth of 0.3% was recorded, which contrasts with the descent of 0.8% registered in the previous quarter. Changes in tax legislation may number amongst the factors that might explain this evolution.

**Public Administration Final Consumption Expenditure (Public Consumption)**accentuated its negative performance for the second consecutive quarter, both in year-on-year (-3.0%) and quarter-on-quarter terms (-1.5%).

The year-on-year negative rates of both Private and Public Consumption have given rise to a decrease of 1.3% in Final Consumption Expenditure (the sum of Household Final Consumption Expenditure and Public Administration Final Consumption Expenditure). With regards to the previous quarter, a fall of 0.2% was registered. Both of the rates of descent are less pronounced than those observed in the previous quarter: -1.6% and -1.0%, respectively.

**Gross Capital Formation (Investment)** once again descended in year-on-year terms (-4.3%), although the fall was less pronounced than in the previous quarter (-4.6%). In quarter-on-quarter terms, Gross Capital Formation experienced growth of 0.3%, breaking with the negative quarter-on-quarter performance trend observed the five previous quarters.

**Internal Demand**, composed of Final Consumption Expenditure and Gross Capital Formation, suffered a new contraction in the third quarter of the year. In year-on-year terms, the fall observed in this quarter represents a descent of 2.0% (fourth consecutive negative value).

**Table 4. GDP m/p. Demand. Chain volume indexes. Year-on-year growth rates. Basque Country. %**

	2011				2012		
	I	II	III	IV	I	II	III
Final home consumer spending	0,2	0,6	-0,2	-0,1	-0,2	-0,8	0,3
Final Public Administration consumer spending	-1,6	1,4	-0,9	-2,4	2,3	-1,3	-1,5
Gross formation of capital	0,0	-0,8	-0,1	-1,9	-1,5	-1,3	0,3
Total exports	7,6	-4,4	8,3	-3,7	-2,1	-2,3	-0,8
Total imports	8,7	-5,3	7,1	-4,9	0,6	-4,5	-0,5
<b>Gross Domestic Product at market prices</b>	<b>0,3</b>	<b>0,2</b>	<b>0,0</b>	<b>-0,2</b>	<b>-0,3</b>	<b>-0,4</b>	<b>-0,4</b>

*Data corrected for seasonal and calendar effects.*

**Source: EUSTAT. Quarterly Economic Accounts**

The contribution of the **Foreign Trade** sector to the evolution of GDP was positive, as was the case in previous quarters, even where accused contraction of overseas trade is observed. This new positive contribution from the foreign balance was produced with a year-on-year fall in exports (contraction of 8.5%) and an even greater fall in imports drop (9.1%). In quarter-on-quarter terms, exports fell 0.8% and imports, 0.5%.

The year-on-year and quarter-on-quarter descent of GDP has given rise to a further drop in employment levels, measured as **Job Positions**. The decrease in employment in year-on-year terms was established as 2.7% (we have to go back to the second quarter of 2008 to observe a year-on-year increase in the number of job positions). In quarter-on-quarter terms, a descent of 0.7% was registered.

The loss of job positions was registered in both year-on-year and quarter-on-quarter terms and in all production sectors, with the exception of the Primary sector. Industry accentuates its rhythm of year-on-year decrease, falling 4.7% in relation to the same quarter in 2011. In quarter-on-quarter terms, evolution also remains negative, with a rate of variation of -1.2%. Employment within the Construction sector presents a similar profile to employment within Industry, but with variations that are even more pronounced. In terms of the same quarter in the previous year, the decrease in the number of job positions is registered at 12.3%. In terms of the second quarter, a decrease of 2.2% was recorded. In the Services sector, the third consecutive year-on-year fall was registered, with a year-on-year drop of 1.0%. In quarter-on-quarter terms, contraction was also observed, with a fall of 0.4%. The Primary sector is the only sector that witnessed an increase in the number of job positions when compared with the same quarter in 2011, registering a year-on-year rate of 1.5%, although in quarter-on-quarter terms, performance was negative (-1.0%).

The evolution of **GDP by Province** was very similar in year-on-year terms. Álava and Gipuzkoa recorded a descent of 1.2%, whilst Bizkaia witnessed a fall of 1.4%. In quarter-on-quarter terms, performance is less homogeneous, with a fall of 0,1% in Gipuzkoa, of 0.4% in Bizkaia and of 0.7% in Álava.

**For further information:**

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