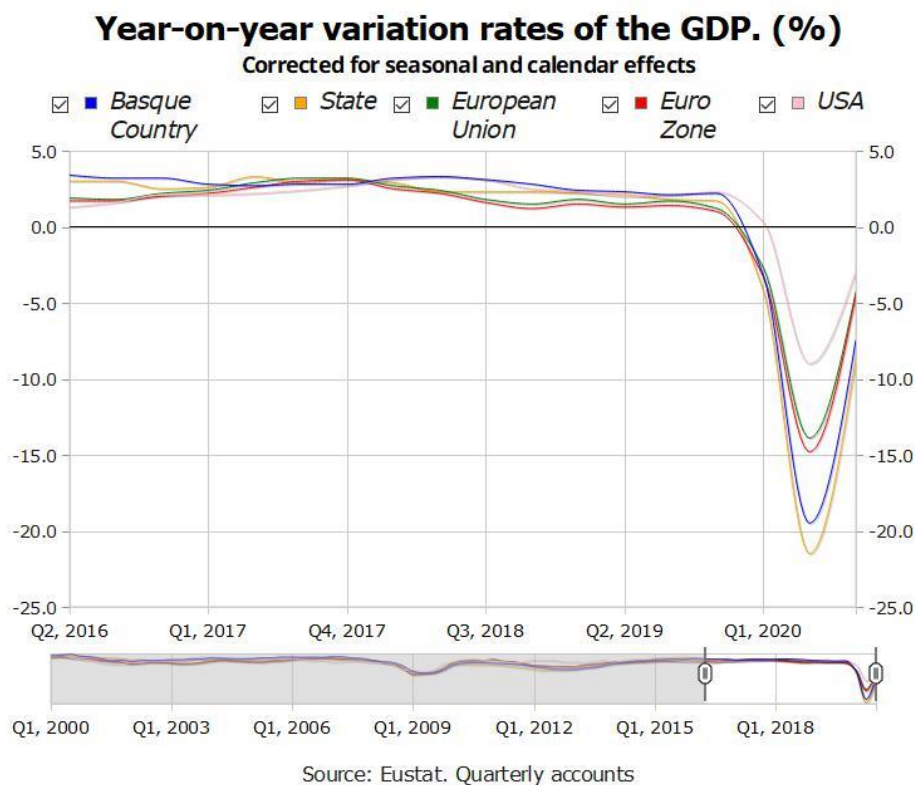


The GDP of the Basque Country recovered by 15.5% in the third quarter of 2020

In year-on-year terms, there was a 7.5% decrease in GDP and 6.2% in employment, compared to the third quarter of 2019

The Gross Domestic Product (GDP) of the Basque Country grew by 15.5% in the third quarter, compared to the second quarter of 2020, according to Eustat data. However, compared to the same quarter of the previous year, a decrease in GDP of 7.5% was observed.

These estimates, which include all the relevant information available at the time they were prepared, slightly improve the estimates obtained for the third quarter in the Advance Quarterly Accounts of 23 October. In quarter-on-quarter terms, GDP rose 3 tenths more than was estimated in the Advance Quarterly Accounts and in year-on-year terms implies a moderation of the estimated drop of 2 tenths. In terms of employment, the improvement of variation rates rose to three percentage points both in quarter-on-quarter terms and in year-on-year terms.



The year-on-year decrease in the GDP of the Basque Country was lower than the estimate for the Spanish economy, which saw a year-on-year decline in the third quarter of 8.7%. On the other hand, the Eurozone (-4.4%), the European Union as a whole (-4.3%) and the United States (-2.9%) showed more moderate drops in activity.

GDP m/p. Supply. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2018	2019	2019		2020		
			III	IV	I	II	III
AGRICULTURE, FORESTRY AND FISHING	1,7	3,2	2,8	5,9	3,5	-6,1	-7,2
INDUSTRY AND ENERGY	2,0	1,3	1,2	2,2	-3,6	-26,7	-9,5
Manufacturing industry	1,8	1,2	1,2	1,7	-4,3	-27,8	-9,4
CONSTRUCTION	4,0	3,4	3,2	2,1	-2,7	-17,9	-9,3
SERVICES	3,1	2,5	2,4	2,1	-2,8	-17,5	-6,5
Trade, accommodation & food services and transport	4,3	2,6	2,3	2,1	-4,2	-21,8	-10,2
Public administration, education, health and social services	1,8	2,3	2,6	2,0	1,2	0,7	1,1
Other services	3,0	2,5	2,3	2,2	-4,0	-24,2	-8,1
GROSS ADDED VALUE at basic prices	2,9	2,3	2,1	2,2	-3,0	-19,6	-7,4
NET TAXES ON PRODUCTS	4,9	2,2	1,8	2,3	-5,1	-18,4	-8,5
GROSS DOMESTIC PRODUCT at market prices	3,1	2,2	2,1	2,2	-3,2	-19,5	-7,5

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

From the point of view of supply, the decrease in the value added in year-on-year terms was generalised, with the exception of the Public Administration, Education, Health and Social Services branch. However, compared to the previous quarter, the increase in the value added was dramatic in most branches with the exception of the primary sector, in which activity continued to decrease.

The **Primary** sector, in effect, has recorded a decline in added value of 7.2% compared to the same quarter of the previous year and 4.4% compared to the second quarter of 2020.

GDP m/p. Supply. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2019		2020		
	III	IV	I	II	III
AGRICULTURE, FORESTRY AND FISHING	-3,3	6,7	-4,8	-4,4	-4,4
INDUSTRY AND ENERGY	-0,1	0,7	-4,9	-23,4	23,3
Manufacturing industry	-0,1	0,3	-5,2	-24,0	25,4
CONSTRUCTION	1,2	0,4	-4,9	-15,0	11,8
SERVICES	0,7	0,5	-4,2	-14,9	14,1
Trade, accommodation & food services and transport	0,6	0,6	-5,7	-18,1	15,6
Public administration, education, health and social services	0,7	0,1	0,0	0,0	1,1
Other services	0,7	0,6	-5,4	-21,0	22,1
GROSS ADDED VALUE at basic prices	0,5	0,6	-4,4	-16,8	15,8
NET TAXES ON PRODUCTS	0,6	0,1	-7,0	-12,8	12,7
GROSS DOMESTIC PRODUCT at market prices	0,5	0,5	-4,7	-16,4	15,5

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

The **Industry** sector has experienced a downturn in year-on-year terms of 9.5%, one tenth higher than in the specific case of the manufacturing industry (9.4%). These drops are lower than those observed in the second quarter, in which they stood at 26.7% and 27.8%, respectively. In this third quarter of 2020, the reactivation of the value added compared to the second quarter of the year was estimated at 23.3% for the industry as a whole and at 25.4% in the case of the manufacturing industry.

The **Construction** sector also saw a smaller decrease than in the previous quarter, with a fall in added value in the third quarter of 9.3% in year-on-year terms, which represents an increase of 11.8% compared to the second quarter of the year.

Global activity within the **Services** sector in the third quarter of 2020 was 5.9% less than the third quarter of 2019, but 12.4% higher than in the second quarter. These variations therefore partially mitigate the year-on-year decrease of 17% in year-on-year terms and 15.1% in quarter-on-quarter terms observed in the previous quarter in the sector.

The performance of the Services sector varied by branches. The branch of **Trade, Hotel Management & Catering and Transport** posted a decrease in value added of 10.2% compared to the third quarter of the previous year, which represents growth of 15.6% compared to the previous quarter. There was a less pronounced drop in the **Other Services** branch – which includes professional, financial and insurance activities – with a year-on-year variation rate of -8.1% and a positive quarter-on-quarter rate of 22.1%.

Conversely, the **Public Administration, Education, Health and Social Services** branch retained its value near that observed in previous quarters, with an estimated growth of 1.1% in both year-on-year and quarter-on-quarter terms.

GDP m/p. Demand. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2018	2019	2019		2020		
			III	IV	I	II	III
FINAL CONSUMPTION EXPENDITURE	2,6	1,9	1,8	1,6	-3,0	-15,4	-5,9
Household and NPISHs final consumption expenditure	3,0	1,8	1,6	1,5	-4,8	-20,3	-8,5
Public administrations final consumption expenditure	1,2	2,2	2,4	2,3	4,1	3,0	3,6
GROSS CAPITAL FORMATION	4,9	3,3	2,7	2,7	-3,6	-23,0	-11,4
Gross fixed capital formation in equipment goods	4,5	2,1	0,5	2,5	-5,0	-30,1	-12,2
Rest of gross capital formation	5,1	4,0	4,0	2,8	-2,8	-18,8	-10,9
INTERNAL DEMAND	3,2	2,2	2,0	1,9	-3,1	-17,2	-7,2
EXPORT OF GOODS AND SERVICES	2,7	0,4	-0,6	1,4	-7,5	-30,1	-15,5
IMPORT OF GOODS AND SERVICES	2,8	0,4	-0,6	1,0	-7,2	-26,4	-14,8
GROSS DOMESTIC PRODUCT at market prices	3,1	2,2	2,1	2,2	-3,2	-19,5	-7,5

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

The negative aggregated year-on-year performance of almost all sectors brought the **Gross Value Added** of the Basque Country down by 7.4% in comparison with the third quarter of the previous year and a recovery of 15.8% compared to the second quarter of 2020.

From the point of view of Demand, the performance was similar, with steeper year-on-year declines than the previous quarter and with significant quarter-on-quarter increases, with the exception of the Final Consumption Expenditure of the Public Administrations.

The **Final Consumption Expenditure of Households (Private Consumption)** decreased by 8.5% compared to the third quarter of 2019, but increased by 15.4% compared to the previous quarter.

Public Consumption (Final Consumption Expenditure of Public Administrations) was the only aggregated sector that posted a higher value than that observed in the third quarter of the previous year (year-on-year variation of 3.6%) which, compared to the previous quarter, translates into a more moderate increase of 0.7%.

In **Gross Capital Formation (Investment)**, the year-on-year decline stood at 11.4%, as opposed to the decline of 23.0% observed the previous quarter. Compared to the second quarter of the year, the increase was estimated at 15.6%. Investment in **Capital Goods** registered a 12.2% drop compared to the same quarter of the previous year, which represents a quarter-on-quarter recovery measured at 23.7%.

In **Other Gross Capital Formation**, which is more closely linked to the performance of the construction sector, the year-on-year decrease was 10.9%, following an estimated growth of 11.6% compared to the second quarter of the year.

Internal Demand, composed of Final Consumption Expenditure and Gross Capital Formation, fell by 7.2% in year-on-year terms in the third quarter of the year. This decrease was below that estimated for GDP as a whole (7.5%), for which the contribution of the **Foreign Sector** was also negative in the third quarter of the year. **Exports** of goods and services were down 15.5% compared to the third quarter of the previous year, whilst **Imports** decreased to a lesser extent (14.8%). The foreign balance therefore contributed negatively to the year-on-year performance of the GDP.

GDP m/p. Demand. Chain volume indexes. Year-on-year variation rates. Basque Country. %

	2019		2020		
	III	IV	I	II	III
FINAL CONSUMPTION EXPENDITURE	0,4	0,3	-4,0	-12,5	11,6
Household and NPISHs final consumption expenditure	0,5	0,3	-5,9	-15,9	15,4
Public administrations final consumption expenditure	0,0	0,4	3,0	-0,6	0,7
GROSS CAPITAL FORMATION	0,5	1,3	-5,4	-20,0	15,6
Gross fixed capital formation in equipment goods	-1,5	2,8	-5,8	-26,7	23,7
Rest of gross capital formation	1,7	0,5	-5,2	-16,2	11,6
EXPORT OF GOODS AND SERVICES	-3,1	2,5	-9,3	-22,4	17,3
IMPORT OF GOODS AND SERVICES	-3,0	2,5	-8,7	-18,8	12,2
GROSS DOMESTIC PRODUCT at market prices	0,5	0,5	-4,7	-16,4	15,5

Data corrected for seasonal and calendar effects

Source: Eustat. Quarterly accounts

In relation to the **level of employment** (measured in **Full-Time Equivalent Jobs**), employment as a whole was down 6.2% compared to the third quarter of the previous year, despite having risen by 13.6% compared to the second quarter of the year.

In this regard, it should be remembered that the definition of a job, according to the European System of Accounts (ESA), excludes persons temporarily not at work but who have a formal attachment to their job, for example, an assurance of return to work or an agreement as to the date of return, as is the case with ERTes (Temporary Labour Force Adjustment Plans).

The primary sector saw a 0.9% drop in employment in relation to the third quarter of 2019, which represents an increase of 2.2% compared to the previous quarter. The year-on-year drop is measured at 8.9% in the Industry sector, whilst there was a quarter-on-quarter rise of 13.9%. In Construction, the performance of employment was also negative compared to the third quarter of 2019 (drop of 3.6%) and positive compared to the second quarter of 2020 (increase of 13.8%). Finally, and with a similar profile, the number of Full-Time Equivalent Jobs in the Services sector decreased by 5.7% in year-on-year terms, despite having risen by 13.7% compared to the previous quarter.

In terms of **GDP performance by Province**, Álava posted a year-on-year variation rate of -7.2%, Gipuzkoa of -7.4% and, finally, Bizkaia of -7.7%.

NOTE:

The models used in the correction of calendar effects and deseasonalisation of the series include the effect of COVID-19 on the variables studied, following the recommendations of the Statistical Office of the European Union (Eurostat) (Eurostat) in its methodological note [Guidance on Time Series Treatment in the context of the COVID-19 crisis](#).

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