

QUARTERLY ECONOMIC ACCOUNTS OF THE BASQUE COUNTRY (CET) 4TH QUARTER 2010

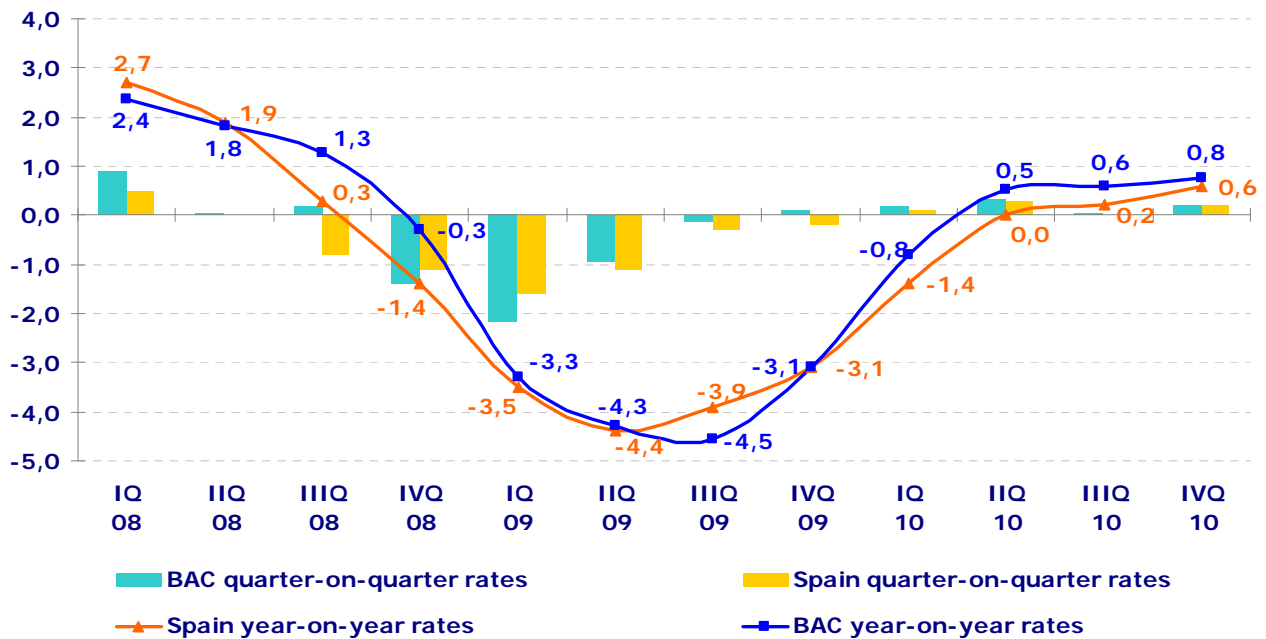
The GDP of the Basque Country registered 0.8% year-on-year growth in the fourth quarter of 2010

Growth was up 0.2% on the previous quarter

The GDP of the Basque Country registered growth of 0.8% in the fourth quarter of 2010, compared to the same period of 2009, according to EUSTAT data. Growth was up 0.2% on the previous quarter. Year-on-year growth was 0.6% for the Spanish economy.

With respect to the previous quarter, the GDP of the Basque Country registered positive growth of 0.2%, after zero growth in the previous quarter. This quarter-on-quarter variation was similar to the one posted by the Spanish economy.

Graph 1. GDP m/p. Growth rates (%)



Source: Eustat. Quarterly Economic Accounts. INE

From the point of view of supply, year-on-year growth in this quarter was underpinned by the relative better performance by the industrial and service sectors. The performance of the service sector was positive both in terms of market and non-market services. However, the activity of the Construction sector continued in its negative trend, but slightly more moderately than in the previous quarter.

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

	2009	2010	2009	2010			
			IV	I	II	III	IV
Agriculture and fishing	3,6	-2,8	-13,0	-26,6	-4,2	18,3	8,2
Industry	-12,7	0,4	-9,4	-2,3	0,9	1,6	1,6
Construction	-3,6	-5,9	-1,1	-5,4	-5,5	-6,6	-6,2
Services	-0,2	0,8	-0,8	0,5	0,9	0,7	1,1
Net taxes on products	-2,0	2,1	-0,9	-0,1	2,2	3,6	2,7
Gross Domestic Product at market prices	-3,8	0,3	-3,1	-0,8	0,5	0,6	0,8

Data corrected for seasonal and calendar effects.

Source: Eustat. Quarterly Economic Accounts

The **primary** sector posted significant year-on-year growth (8.2%), although not in relation to the previous quarter (-7.7%).

The **industrial** sector maintained the year-on-year growth rate recorded in the previous quarter (1.6%), even though its quarter-on-quarter growth fell by one tenth (0.5%) compared to that posted for the previous quarter. After the notable year-on-year and quarter-on-quarter downturns throughout 2009 and in the first quarter of 2010, the industrial sector posted three positive quarters, both in year-on-year and quarter-on-quarter terms.

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

	2009	2010			
	IV	I	II	III	IV
Agriculture and fishing	0,9	-7,5	20,5	5,2	-7,7
Industry	0,5	-0,4	0,9	0,6	0,5
Construction	-0,3	-4,8	-0,2	-1,3	0,1
Services	0,3	0,1	0,3	0,0	0,6
Net taxes on products	1,1	0,2	2,1	0,1	0,3
Gross Domestic Product at market prices	0,1	0,2	0,3	0,0	0,2

Data corrected for seasonal and calendar effects.

Source: Eustat. Quarterly Economic Accounts

The Construction sector again posted negative year-on-year growth (-6.2%), even though it was four tenths down on the previous quarter. Both building and civil works were responsible for this decrease. In terms of quarter-on-quarter performance, it posted positive growth of one tenth compared to the 1.3% downturn in the previous quarter. This is the first positive quarter-on-quarter figure recorded since the second quarter of 2007.

The overall performance of the **Services** sector showed a certain recovery in its year-on-year and quarter-on-quarter rates. In year-on-year terms, it grew by 1.1%, four tenths up on the previous quarter, and its quarter-on-quarter performance was 0.6%, compared to the zero growth of the previous quarter.

In the fourth quarter of 2010, **Market Services** performed slightly better than in the previous quarter, both in year-on-year terms and, in particular, in quarter-on-quarter terms. This year-on-year growth stood at 0.9%, one tenth up on the previous quarter, with quarter-on-quarter growth of seven tenths compared to a downturn of one tenth in the third quarter.

Non-market Services posted positive growth rates both in quarter-on-quarter and year-on-year terms. Year-on-year growth stood at 2.0%, while its quarter-on-quarter performance was 0.4%.

The **Value Added** on top of these performances was up two tenths on the previous quarter (0.6%) in year-on-year terms, while the quarter-on-quarter rate was up one tenth (0.2%).

The most notable aspect of the economic performance **in terms of Demand** was the strong figures posted by the foreign sector, while Internal Demand was up 0.1%, similar to the figure for the previous quarter.

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

	2009	2010	2009	2010			
			IV	I	II	III	IV
Final home consumer spending	-3,7	0,8	-2,5	-0,6	1,4	1,2	1,2
Final Public Administration consumer spending	3,7	1,3	2,4	0,5	1,8	2,1	1,0
Gross formation of capital	-15,4	-6,0	-14,6	-9,8	-6,8	-4,0	-3,2
Internal Demand	-5,7	-0,7	-5,0	-2,6	-0,5	0,1	0,1
Total exports	-18,4	8,5	-15,7	1,1	11,1	9,1	12,8
Total imports	-20,1	6,5	-17,7	-2,4	8,9	8,2	12,2
Gross Domestic Product at market prices	-3,8	0,3	-3,1	-0,8	0,5	0,6	0,8

Data corrected for seasonal and calendar effects.

Source: Eustat. Quarterly Economic Accounts.

Spending on Final Household Consumption (Private Consumption) posted year-on-year growth of 1.2%, identical to the previous quarter, but with quarter-on-quarter growth of 0.5%, which was an upturn on the 0.9% shrinkage posted in the third quarter.

Public Consumption (Spending on Final Public Sector Consumption) posted a more moderate performance. The year-on-year rate for the fourth quarter was 1.0% and the quarter-on-quarter rate was -0.6%.

The performance of Gross Capital Formation (Investment) was yet again negative, down 3.2% in year-on-year terms, although this rate was eight tenths down on the previous quarter. The quarter-on-quarter performance was positive (0.8%) for the first time since the first quarter of 2008.

The performance of both Private and Public Consumption and of the Gross Capital Formation, along with their relative weightings, determines the performance of Internal Demand, which posted a slightly positive rate (0.1%) in year-on-year terms. This rate was identical to the one posted for the previous quarter. Quarter-on-quarter growth (0.1%) was seven tenths up on the figure for the previous quarter.

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

	2009	2010			
	IV	I	II	III	IV
Final home consumer spending	0,5	0,6	1,1	-0,9	0,5
Final Public Administration consumer spending	0,5	-1,8	1,2	2,2	-0,6
Gross formation of capital	-0,2	-1,4	-1,6	-0,9	0,8
Internal Demand	0,2	0,4	0,2	-0,6	0,1
Total exports	-2,4	6,2	5,7	-0,4	0,9
Total imports	-3,1	7,8	4,5	-0,9	0,5
Gross Domestic Product at market prices	0,1	0,2	0,3	0,0	0,2

Data corrected for seasonal and calendar effects.

Source: Eustat. Quarterly Economic Accounts

As far as the **foreign sector** was concerned, the most important fact was its positive contribution to the performance of the GDP. In year-on-year terms, exports performed better (12.8%) than imports (12.2%), which resulted in a stronger balance with the rest of the world. This was also the case for the quarter-on-quarter rates, with greater growth posted by exports (0.9%) than by imports (0.5%).

With respect to employment, **job figures** shrank by five tenths in year-on-year terms and the quarter-on-quarter rate was down one tenth, which were slightly worse than the rates for the previous quarter.

By sectors, Agricultural, Industry and Construction lost jobs both in terms of the year-on-year and quarter-on-quarter figures, while the sector services performed more strongly.

With reference to the evolution of *GDP by provinces*, Álava posted the best performance in year-on-year rates, with growth of 1.4%, followed by Bizkaia (0.8%) and Gipuzkoa (0.6%). In quarter-on-quarter terms, Álava posted a rate of 0.9%, Bizkaia 0.2% and Gipuzkoa grew by 0.1%.

The GDP grew by 0.3% for the year as a whole, while jobs were lost (-0.8%).

In terms of supply during 2010 overall, **Industry** grew by 0.4%, which together with the 0.8% growth posted by the **Services** sector meant that there was overall positive growth rate for the year. The annual performance in 2010 of the **Construction** Sector was negative, down 5.9%, which together with the 2.8% downturn of the **Primary** sector offset the growth posted by Industry and services. The effect of the net taxes on products was positive (2.1%) for 2010 as a whole.

The analysis of spending shows that Internal Demand fell by 0.7%, compared to a 0.3% growth in the GDP, with a positive contribution, therefore, of our foreign balance for the year as a whole. Nonetheless, the drop in internal demand (-0.7%) in 2010 was much smaller than in 2009 (-5.7%).

The growth of **Spending on Final Household Consumption** (0.8%), along with a positive performance of **Spending on Final Public Sector Consumption** (1.3%) and the marked negative performance posted by **Gross Capital Formation**, down 6.0%, account for the performance of Internal Demand.

The number of people employed fell by 0.8% on average, with the drop being noted in all sectors except for services, which grew by 0.9%. The downturn in employment was particularly notable in Construction (-5.8%) and Industry (-3.5%). The primary sector fell by 1.2%.

For further information:

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