

BASQUE BUSINESS STRUCTURE AND DEMOGRAPHY 2003

Companies located in the A.C. of the Basque Country employed 806,220 people in 2003, 2.2% more than the previous year

The number of people employed in the service sector continues to rise, reaching a share of 62.7% of the total.

Companies located in the A.C. of the Basque Country carried out their activities in 171,988 establishments (factories, shops, offices, etc.) and employed 806,220 people in 2003, 2.2% more than the previous year, according to the latest update of the Directory of Economic Activities, carried out by Eustat. Since 1998, the number of people in employment has grown in the Basque Country by 126,685 people, an average annual rate of 3.5%.

The total number of establishments grew 0.9% with respect to 2002, an increase centred on the sectors of Banking, insurance and business services, Construction and Other service activities, while there was a decrease in other sectors.

The most dynamic branch of activities was once more that of Construction, with a growth rate in employment of 6.7% (+8.0% in Bizkaia). Hotel and Catering with 3.8% and Banking, insurance and business services, with a 3.2% rise, were also above average.

Establishments and employment by areas of activity. 2003

| | A.C. of Euskadi | | | | Alava | | | | Bizkaia | | | | Gipuzkoa | | | |
|-------------------------------------|-----------------|------------|----------------|------------|---------------|------------|----------------|------------|---------------|------------|----------------|------------|---------------|------------|----------------|------------|
| | No. | 03/02 | Jobs | 03/02 | No. | 03/02 | Jobs | 03/02 | No. | 03/02 | Jobs | 03/02 | No. | 03/02 | Jobs | 03/02 |
| Total | 171.988 | 0,9 | 806.220 | 2,2 | 22.540 | 1,4 | 130.403 | 1,6 | 87.578 | 0,6 | 404.559 | 2,6 | 61.870 | 1,2 | 271.258 | 1,9 |
| Industry and energy | 15.185 | -0,9 | 223.376 | 0,5 | 2.452 | 0,8 | 44.825 | 0,4 | 6.745 | -1,4 | 91.100 | 0,5 | 5.988 | -1,1 | 87.451 | 0,5 |
| Construction | 23.070 | 3,3 | 77.337 | 6,7 | 3.095 | 2,6 | 11.042 | 5,0 | 10.711 | 3,7 | 42.540 | 8,0 | 9.264 | 3,2 | 23.755 | 5,2 |
| Trade and repairs | 45.747 | -0,9 | 125.135 | 2,1 | 5.684 | 0,7 | 18.267 | 4,4 | 24.237 | -1,5 | 66.470 | 1,6 | 15.826 | -0,7 | 40.398 | 1,7 |
| Hotels and catering | 14.831 | -1,9 | 41.759 | 3,8 | 2.047 | -2,2 | 5.979 | 2,9 | 8.113 | -2,3 | 21.351 | 5,5 | 4.671 | -1,0 | 14.429 | 1,9 |
| Transport & communic. | 14.975 | -1,8 | 46.194 | 2,2 | 1.778 | -2,4 | 5.716 | 0,6 | 7.989 | -0,9 | 25.464 | 3,3 | 5.208 | -2,8 | 15.014 | 0,8 |
| Banking, insur. & business services | 32.627 | 4,8 | 116.383 | 3,2 | 4.192 | 4,7 | 14.956 | -0,2 | 17.174 | 4,4 | 67.573 | 3,3 | 11.261 | 5,4 | 33.854 | 4,5 |
| Other act. services | 25.553 | 1,6 | 176.036 | 1,7 | 3.292 | 2,0 | 29.618 | 1,5 | 12.609 | 0,8 | 90.061 | 1,8 | 9.652 | 2,5 | 56.357 | 1,7 |

Source: Eustat.

By provinces, Bizkaia surpassed the Basque average in job creation, with a rate of 2.6%, while Gipuzkoa and Alava were below average, with rates of 1.9% and 1.6% respectively. Construction was the sector with the highest provincial growth in its respective fields. Elsewhere, the evolution of the Hotel and Catering branch stood out, since despite the dwindling numbers of establishments in the whole of the Basque Country, there was a rise in the number of jobs. In this sense, the case of the sector in Bizkaia is noteworthy, with a 2.3% decrease in the number of establishments, but a 5.5% increase in employment.

62.7% of the personnel included in the directory belong to the services sector, followed by industry (27.7%) and construction (9.6%). The maximum structural employment in industry by provinces continues to be in Alava, totalling 34.4% of the employed personnel, followed by Gipuzkoa (32.2%) and some way behind, Bizkaia (22.5%). This last-named province led in employment, in terms of percentage, in the services sector (66.9%) and construction (10.5%).

The branch of services accounting for the most employed personnel is Other service activities, making up 21.8% of personnel, or 176,036 people. This is followed in order of importance by the branches of Trade and repairs, employing 125,135 people, or 15.5%, and Banking, insurance and business services, employing 116,383 people, or 14.4% of the employment total.

The structure by size of employment has hardly varied, even if we go back several years. In 2003, 128,141 establishments, almost three-quarters of the total, did not reach 3 jobs, although they accounted for 18.9% of total employment. At the other extreme, establishments with 50 or more employees came to 2,136, or 1.2% of the total, accounting for 308,135 posts, 38.2% of total employment.

COMPANIES

The number of industrial and services companies that carry out their activities in the A.C. of the Basque Country grew 0.8% in 2003, totalling 155,653 active companies. 97.9% of companies have their headquarters in the Basque Country and 3,120 companies in the rest of the State, which employ 83,648 people, 10.4% of the total.

The average size of companies is 4.7 people employed per establishment and 5.2 people employed per company, continuing the increase in the average size both of establishments and companies. However, there was a marked difference between companies with an individual owner and the others. For the former group, the average number of employees is 1.3 people per establishment and 1.4 per company; while for other legal forms of ownership, these sizes reach 9.3 and 11.4 respectively.

BUSINESS DEMOGRAPHY

The net balance between establishments that started up and those that ceased their activities was 1,509. In terms of net job creation, this meant an increase of 5,067 people in employment, due to the slightly greater employment contribution by the new establishments compared to the loss of the ones that closed. Among those establishments that carried on with their activities, there was also an increase in employment by 12,490 people. As an overall result, economic activity meant the creation of 17,557 jobs.

The greatest rotation was in companies legally constituted under the formula of individual ownership, accounting for 57.5 % of new businesses and 69.4% of closed ones. The overall balance, either because of closure, or because of transformation into other legal formats, fell by 1,154 establishments, although 32 jobs were gained.

Demography of establishments. A.C. of the Basque Country. 2003

| By activity | Overall balance (2003-2002) | | Por personalidad jurídica | Overall balance (2003-2002) | |
|-------------------------------------|-----------------------------|---------------|---------------------------|-----------------------------|---------------|
| | No. | Jobs | | No. | Jobs |
| Total | 1.509 | 17.557 | Total | 1.509 | 17.557 |
| Industry and energy | -143 | 1.082 | Natural person | -1.154 | 32 |
| Construction | 747 | 4.842 | Partnership | -222 | -3.482 |
| Trade and repairs | -437 | 2.528 | Limited company | 2.644 | 18.884 |
| Hotels and catering | -288 | 1.545 | Others companies and assc | 249 | 2.288 |
| Transport & communic. | -270 | 981 | Others legal forms | -8 | -165 |
| Banking, insur. & business services | 1.494 | 3.581 | | | |
| Other act. services | 406 | 2.998 | | | |

Source: Eustat.

Maintaining the dynamism of recent years, the Limited Company (sociedad limitada) offered an overall positive balance in 2003 of 2,644 establishments and a net increase of 18,884 jobs. This legal format has almost doubled its number of employees since 1998, reaching 190,833 posts in 2003. For this reason, it increased its specific weight, both in number of units and in terms of employment, to the detriment of other legal formats. As for establishments belonging to Public Limited Companies (sociedades anónimas), they reduced their number by 222 units and also their net employment balance by 3,482 jobs, mainly due to the reduction in employment of the remaining establishments.

On analysing demography by activity, the most outstanding branches are Banking, insurance and business services, with 27.8% of all new companies and 20.2% of closed ones, and Construction, 22.9% of new companies and 19.9% of closures; much higher proportions to their respective weights as regards all sectors.

In terms of employment, the greatest contribution was in the Construction sector, which contributed 27.6% of all new jobs. Significantly, this contribution is much greater than would be supposed from its specific weight in all the sectors put together (around 9.6%). After this comes Banking, insurance and business services, with a net contribution of 20.4%.

By the size of the establishment, the most dynamic stratum is undoubtedly that of 2 or less employees. It alone accounts for 85.8% of all new companies registered and 87.3% of all closures. Further more, it is practically the only group that loses establishments for change of stratum, since there are a large number of promotions to higher levels of employment. The most dynamic stratum in terms of overall employment creation is that of 20-49 employees, contributing the largest share of new jobs, because of the positive balance between new companies and closed companies and also the increased number of jobs in the establishments that remain. Adding both factors together, this stratum accounts for 5,110 new jobs, 29.1% of the total.

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