

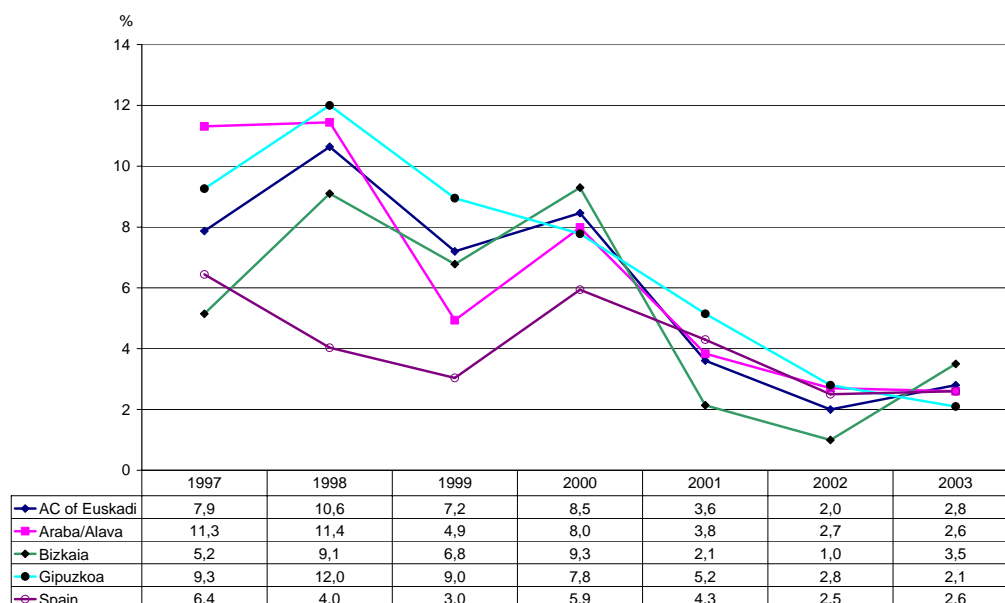
Industry in the A.C. of the Basque Country grew by a nominal 2.8% during 2003

Construction in 2003 followed the growth pattern of previous years, with an important upsurge of over 16%

The evolution of the industrial sector of the A.C. of the Basque Country in 2003 was characterised, as had been the case in the two previous years, by modest annual variation rates of 2.8% nominal growth of value added, although the year saw slight acceleration of nought point eight in relation to growth a year earlier (2.0%), according to Eustat data.

Employment in industry also showed 1.2% growth in 2003, meaning the creation of 3,000 net jobs over the year. In 1994 192,274 people were employed in industry and in 2003, nine years later, this figure had risen to 248,922 employees, meaning over 56,000 jobs in 10 years.

Evolution of the Industrial Sector 1997- 2003



Source: Eustat

Some of the other noteworthy aspects of the evolution of industry in 2003:

- Among the sub-sectors with the highest annual growth of value added were the following: Oil refining (36.1%), Electric energy, gas and water (9.0%), Transport material (8.8%), Non-metal industry (8.0%), Food industry (5.9%), Chemical industry (5.6%), Electric material (3.3%) and Rubber and plastic (3.2%).

- Five sub-sectors had negative evolution, generating less value added than the previous year: Textiles and clothing (-16.7%), Leather and footwear industry (-15.6%), Metal and non-metal minerals (-12.7%), Timber industry (-6.3%) and Paper, printing and graphic arts (-1.6%).

Main Industry variables. A.C. of the Basque Country Current prices	Value: Thousand Euros		
	Industry		
	2002	2003	Δ %
Employees	246.063	248.922	1,2
Gross Value Added factor cost	13.008.214	13.371.649	2,8
Gross Operating Surplus	5.610.202	5.563.149	-0,8
Investment	3.211.667	2.717.879	-15,4
Amortization	1.994.159	2.158.152	8,2
Turnover	42.393.031	43.768.410	3,2
Other income	2.253.415	1.909.499	-15,3
Operating costs	23.445.870	23.975.359	2,3
External services	5.937.657	6.153.960	3,6
Personnel costs	7.398.012	7.808.500	5,5
Other expenditure	1.940.165	2.010.905	3,6
Pre-tax profit	3.213.405	2.904.928	-9,6
Cash-Flow	5.207.564	5.063.080	-2,8

Source: Eustat

- The most dynamic sub-sectors as regards the annual job creation rate were: Transport material (4.7%) and Paper, printing and graphic arts (4.4%).
- Of the sub-sectors with a reduced level of employment in relation to the previous year were: Electric energy, gas and water (-5.7%) and Textiles and clothing (-3.5%).
- 2003 saw an important decline in investment, dwindling by 15.4%.
- The annual rise of repayments for the replacement of fixed assets was 8.2%.
- The Gross Operating Surplus reduced for the third year running: -0.6% in 2001, -1.2% in 2002 and -0.8% in 2003.
- Personnel costs, on the other hand, grew by 5.5%, almost one point more than a year earlier.
- Pre-tax results showed a fall of 9.6%.
- Cash-flow decreased 2.8% compared to the previous year, despite the significant growth in repayments (8.2%), which accounted for 42.7% of cash-flow.

Contrary to what had occurred in 2002, the highest industrial growth rate in 2003 corresponded to Bizkaia (3.5%). Alava (2.6%) and Gipuzkoa (2.1%) showed more modest growth rates, below the average of the A.C. of the Basque Country (2.8%).

The construction sector obtained nominal growth of 16.7% in 2003

The construction sector registered 16.7% nominal growth and continued to present substantial growth rates of its value added. In 2001, it obtained a 16.6% rise; it grew by 10.3% in 2002 and grew another 16.7% in 2003.

Main Construction variables. A.C. of the Basque Country Current prices	Value: Thousand Euros		
	Construction		
	2002	2003	Δ %
Employees	81.118	86.353	6,5
Gross Value Added factor cost	3.223.562	3.761.313	16,7
Gross Operating Surplus	1.055.865	1.288.112	22,0
Investment	204.052	319.864	56,8
Amortization	159.253	199.841	25,5
Turnover	10.341.805	12.346.369	19,4
Other income	878.514	502.186	-42,8
Operating costs	6.563.835	7.483.489	14,0
External services	1.159.943	1.315.450	13,4
Personnel costs	2.167.697	2.473.201	14,1
Other expenditure	296.591	307.667	3,7
Pre-tax profit	669.375	930.985	39,1
Cash-Flow	828.628	1.130.826	36,5

Source: Eustat

Personnel employed in the sector, which had shown positive evolution of 7.0% in 2002, also grew one year later by 6.5%, making a total of 81,118 employees in 2003, with the creation of over 5,000 net jobs.

Other noteworthy elements regarding the performance of the construction sector in 2003 were:

- The gross operating surplus increased by 22% in 2003, compared to an annual rate of 5.3% a year earlier.
- Pre-tax results showed a considerable increase of 39.1%. It should be pointed out that they had decreased by 0.3% in 2002.
- Therefore, Cash-flow experienced a 36.5% rise, due to the positive evolution of the results.

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