

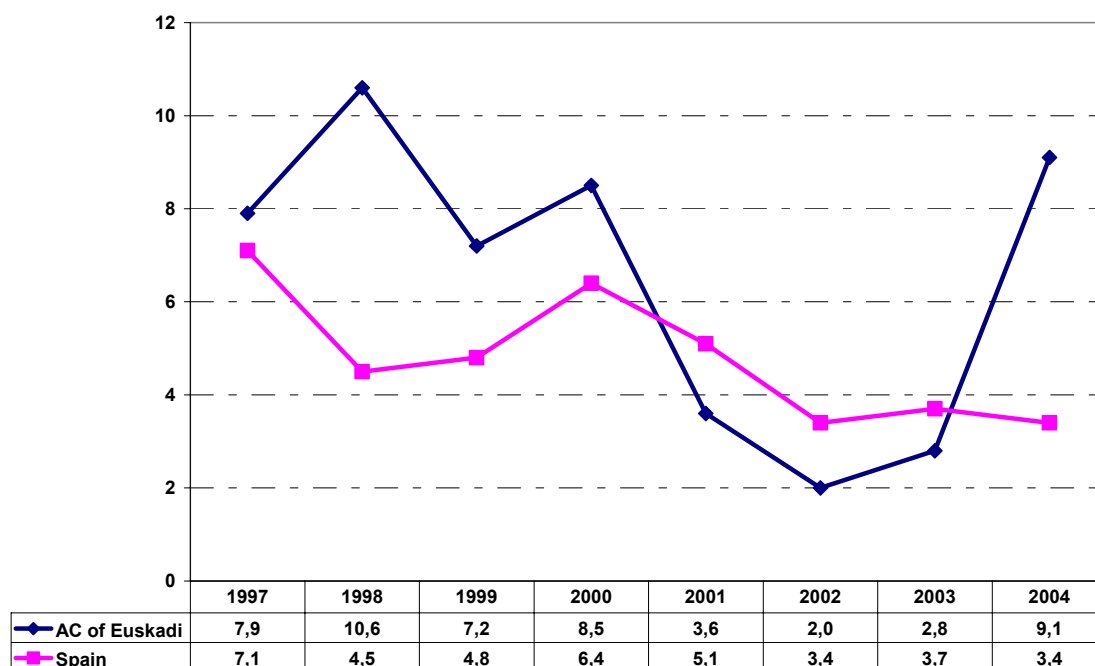
Industry in the A.C. of the Basque Country registered 9.1% nominal growth in 2004

Construction, following the trend of previous years, grew by 10.3%

The evolution of the industrial sector in the A.C. of the Basque Country in 2004 showed a clear acceleration, with a nominal annual rate of 9.1%, much higher than the discrete results obtained in the period from 2001 to 2003, according to EUSTAT data. The boost in recovery is based on the energy and iron and steel sectors.

Industrial employment continued to grow, although the rhythm slowed down. It rose 1.2% in 2003 and also grew in 2004, although at a lower rate, 0.9%. In 1994 industry employed 192,274 people and in 2004, ten years later, industrial employment accounted for 251,179 jobs, which represents an increase of over 58,000 jobs, i.e. 30% more employment in a decade.

Evolution of the Industrial Sector 1997- 2004. Rates of growth (%)



Source: Eustat

The most outstanding elements in the evolution of industry in 2004 were:

- The recovery of the industrial sector (9.1% nominal) came from the energy sectors (Oil refining, Electric energy, Gas and water) and Metallurgy and metal articles, which clearly surpassed the average growth rate. Important sectors in the A.C. of the Basque Country such as Transport material (3.3%), Machinery (4.2%) and Electric material (5.6%) obtained more discrete although positive results in the annual evolution of their value added.

- Six sectors registered a negative evolution in 2004: Non-metal industry (-5.4%), Timber industry (-2.9%), Leather and footwear industry (-2.8%) Other manufactured (-1.3%) and Chemicals industry (-1.0%).
- Gross Operating Surplus grew 12.8%, compared to 6.5% for Personnel Costs. The energy and metallurgy sectors presented the highest growth, both in business surplus and Personnel costs, considerably higher than the average for the industrial sector.

Main industry variables. A.C. of the Basque Country

Current prices	Value: Thousand Euros		
	Industry		
	2003	2004	Δ%
Employees	248.922	251.179	0,9
Gross Value Added factor cost	13.371.649	14.588.107	9,1
Gross Operating Surplus	5.563.149	6.274.029	12,8
Investment	2.717.879	2.515.852	-7,4
Amortization	2.158.152	2.390.008	10,7
Turnover	43.768.410	48.205.587	10,1
Other income	1.909.499	2.324.795	21,7
Operating costs	23.975.359	26.996.408	12,6
External services	6.153.960	6.593.298	7,1
Personnel costs	7.808.500	8.314.078	6,5
Other expenditure	2.010.905	1.827.302	-9,1
Pre-tax profit	2.904.928	3.767.225	29,7
Cash-Flow	5.063.080	6.157.233	21,6

Source: Eustat

- In 2004 investment fell, as had occurred in 2003, although to a lesser extent (-7.4%).
- Among the investment sectors (investment effort in 2004), were Food industry, Paper, publishing and graphic arts, Timber industry and Rubber and plastic, to name the most significant.
- Pre-tax results grew by 29.7% in 2004. The most outstanding sectors being Food industry (67.4%), Metallurgy and metal articles (52.4%) and Transport material (35.9%). Four sectors (Timber industry, Other manufactured, Non-metal industry and Metal and non-metal minerals) saw their pre-tax results drop, in relation to 2003.
- Cash-flow for the whole of industry rose by 21.6%, i.e. the generation of available resources to meet the demands of modernization has increased progressively, the most dynamic sectors in this area also being Energy and Metallurgy

By Provinces, in the year 2004, the highest growth in Gross Value Added corresponded to Álava (15.2%). Second position in the ranking of annual growth was held by Bizkaia with 8.2% and then Gipuzkoa, with a rate of 6.8%. In all three provinces in 2004 growth were rates the highest obtained over the last four years.

The construction sector obtained 10.3% nominal growth in 2004

The construction sector registered 10.3% nominal growth and continued to mark high rates of increase in value added. An increase of 10.3% was registered in 2002. It rose by 16.7% in 2003 and rose again by 10.3 in 2004.

Main Construction variables in the A.C. of the Basque Country

Current prices	Value: Thousand Euros		
	Construction		
	2003	2004	Δ%
Employees	86.353	90.774	5,1
Gross Value Added factor cost	3.761.313	4.147.094	10,3
Gross Operating Surplus	1.288.112	1.454.840	12,9
Investment	319.864	382.707	19,6
Amortization	199.841	213.796	7,0
Turnover	12.346.369	13.135.946	6,4
Other income	502.186	1.571.267	212,9
Operating costs	7.483.489	8.661.763	15,7
External services	1.315.450	1.436.695	9,2
Personnel costs	2.473.201	2.692.254	8,9
Other expenditure	307.667	365.738	18,9
Pre-tax profit	930.985	1.094.497	17,6
Cash-Flow	1.130.826	1.308.293	15,7

Source: Eustat

Personnel employed in the sector, which had registered a 6.5% positive evolution in 2003, increased by 5.1% a year later, reaching a figure of 90,774 employees in 2004, with the creation of over 4,000 net jobs.

Other outstanding elements in the performance of the Construction sector in 2004 were:

- Gross Operating Surplus reached a 12.9% increase in 2004.
- Pre-tax results registered a considerable increase of 17.6%, by which the Cash-flow increased by 15.7%, due to the positive evolution of the results.

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