

BASQUE COUNTRY DOSSIER
-
INVESTMENTS- 2007

Bridging the gap: new local university science park to bring business and academic world closer

"It's a definitive project, one that'll mark the beginning of a completely new phase for the University of the Basque Country." That was how UPV vice-chancellor Juan Ignacio Pérez Iglesias described the university's new Science Park at the presentation yesterday's presentation. "It's a strategic project," he continued, "with all that the term implies."

To be built across the road on the far northern side of the present UPV campus at Lejona, the 188,000-square-metre, 123-million-euro scientific complex will provide employment for some 2,500 people, working in 75,000 square metres of offices, labs and so on. Basque regional Education, Universities & Research minister Tontxu Campos described the UPV science park as the "jump-off point for the region's second economic transformation."

"Construction work is scheduled to begin in early 2008 and should be finished by 2017," added Ana Aguirre, regional Industry, Trade & Tourism minister. "It's a long-term project, but it's already a commitment and a goal," she added.

Essentially, the new project aims to provide incentives for improving working relations between local business and the academic world. "Closing the gap between scientific knowledge and its application in business is a vital mission for the Basque Country", said Aguirre, describing the new park as a "guarantee of success."

Summary of a news item published in Noticias de Gipuzkoa, 6 December 2007

Roaming far and wide: Basque business invests nearly 26,000 million euros abroad in 14 years

In the last 14 years Basque firms invested 25,874 million euros abroad, according to figures released by the Spanish Ministry for the Economy revealed in Bilbao by Basque regional development agency head honcho Mauri Lazkano.

Lazkano presented a book published by Spanish industrial promotion company *Sociedad para la Promoción Industrial*, called "Managing Expatriates: another internationalization challenge", designed to offer workers at Basque firms abroad what he described as "their first contact with the country of destination and its customs, plus practical information designed to minimize the initial impact of the drastic change going abroad often involves." Latin America absorbed most of Basque foreign investment, at 11,278 million euros between 1996 and 2006, ahead of Western Europe, which accounted for 7,199 million in the same period.

Speaking at the presentation, Lazkano said the considerable increase in such investment in recent years was also partly due to the fact that the average 300 million euros invested annually from 1993 to 1996 increased almost tenfold between 1997 and 2000, when the figure reached 2,800 million a year. From 2000 to 2006 Basque investment levels abroad averaged out at 2,228 million euros a year.

SPRI's director general went on to stress that Basque firms are aware of the fact that "losing out in the race for foreign markets could have really bad consequences for the future." This, he said, explained why "they've redoubled their efforts in this area."

For instance, at year-end 2006 some 485 Basque businesses had direct business interests in other countries, up 64 per cent on the 295 just six years previously. The total number of factories and offices abroad virtually doubled between the year 2000 and 2006, going from 739 to 1,299 by the end of 2006. Although most (1,032) were commercial offices, the number of factories abroad owned by Basque firms is increasing rapidly.

Lazkano said that today there were 267 factories with Basque capital the world over, 152 more than six years ago, a figure that "clearly shows that our business response to the challenge of getting a position on international markets is increasingly intense." The fact that there were some 70 business groups in the Basque Country today that could be considered multinationals was one major result of this effort.

Summary of a news item published in *Diario de Noticias de Alava*, 6 December 2007

Twenty years after: Bilbao Metro looks back in satisfaction

According to Bilbao Metro's social, economic and environmental impact report, from 1987 to 2006 expenditure generated in the last twenty years amounted to 2,460 million euros, with 80 per cent of the amount invested in the Basque Country itself, with 14 per cent of the rest going to suppliers from other parts of Spain and 6 per cent to foreign service or goods' providers.

Bilbao Metro CEO Rafael Sarria stressed yesterday that this ongoing generational initiative, launched during a major economic crisis, now helped to maintain 2,200-plus employees, adding tax revenues of 221.3 million euros, roughly 9 per cent of the total.

The construction industry accounted for 77.3 per cent of the money paid out, with operational costs absorbing the other 22.7 per cent. Major beneficiaries have been firms in the construction industry (51.6 per cent), the banks (17.2 per cent), transport materials (15.7 per cent) and other business activities (6.1 per cent).

One other major effect of the Bilbao Metro has been its now consolidated role as a factor in the updating and revamping of Bilbao as part of a strategy to put the city on the high-level services map, this being a major stimulus for individual and collective self-esteem in a society that just 20 ago, lived through one of Europe's toughest industrial transformation processes.

Altogether, with 80 million passenger journeys a year, Bilbao's metropolitan railway system avoids the daily use of 132,000 vehicles on Vizcaya's roads, saving 38,665 tons of CO2 emissions a year.

Summary of a news item published in *Estrategia Empresarial*, 14 December 2007

Original undertaking: regional government commits to promoting Basque Innovation year

At its third meeting since it was set up on 13 July, the Basque Science, Technology & Innovation Council, presided over by regional president Juan José Ibarretxe, agreed to promote 2008 as "Basque Innovation Year." All the regional authorities involved in the Council backed the decision.

Besides the commitment to promoting innovation next year, the BSTI analyzed proposals for activities and projects, which, as part of its powers, will be financed via the Innovation Fund created at the regional Finance Council.

Speaking after the BSTI meeting in Vitoria, a regional government spokesman announced the Fund would be earmarking 200 million euros to 2012 for innovation-related activities and projects in a bid to give the programmes involved the backing they will need.

Next year, some 40 million euros are to be channelled through the Fund to promote research infrastructures and structures, the development of cooperative research centres (CIC) and Innobasque, the newly created Basque strategic research and innovation networking system.

The spokesman added that the Council had also looked into the progress made in recent months on consolidating Ikerbasque and Innobasque, two public bodies that will be shortly entering a strategic alliance to facilitate full cooperation.

Summary of a news item published in *Noticias de Gipuzkoa*, 5 December 2007

Season of good cheer: Basque engineering group pulverizes year's targets

Optimism and satisfaction were the keynotes at yesterday's presentation of Basque-based engineering firm Ingeteam's new corporate image and the basic guidelines of its strategic plan for the 2007-2011 period. The event was understandably upbeat in view of the firm's performance this year, which had far exceeded forecasts for 2007. The company now expects turnover to reach 500 million euros thanks to an annual organic annual increase of 60 per cent, bringing the firm ever closer to its target of topping the 1,000-million mark in 2011, an objective which entails raking the market in search of companies that will enable the firm to increase its "electric" status in manufacturing.

Steel giant Arcelor Mittal looms large in the future of Ingeteam after hiring the engineering firm to take control of the complete electro-mechanic revamping of two of its steel mills, one in the USA, the other in the Czech Republic, projects Ingeteam has accessed after acquiring Instalaciones Siderúrgicas, now known as Ingeteam Metals Solutions. The firm is also in a good position for forthcoming contract awards in the Czech Republic and Brazil.

The renewable energy business has also registered major activity of late, particularly in the sub-areas of wind farming, where it has supplied wind turbines and power and control electronics for 3,000 MW in 2007 and solar power, with 300 MW-worth of invertors on the go. But the business will really take off in 2008 with investments in Mexico and the Basque region. A solar inverter production centre is to be set up in Monterrey, and the possibility of further acquisitions is being looked into in Canada, the US and Mexico. In the meantime, a new 12,000-square-metre factory is to be built in Beasain, in the Basque region of Spain to concentrate and increase wind turbine manufacturing capacity, thus accounting for with 20 of the 30 million investment allocation for 2008 and of the 40 million to be spent on the new Beasain factory in the three years from 2006 to 2008. The operation will also free up space for future additions of lines for electric machines working on products for the shipbuilding and rail industries.

Major developments in the railway industry include contracts with Basque regional rail service Escorted for 12 diesel-electric locomotives, with FEVE to update and upgrade 11 electric multiple unit trains and with Polish concern PKP to supply traction converters. In the shipbuilding industry, apart from standard work like its electric engines for La Naval shipyard's dredgers, Ingeteam has reinforced its business with deliveries to the CIEs shipyard in Galicia, Spain, of the electric parts, propulsion included, for the Miguel Oliver oceanographic vessel, an order that is expected shortly to cover two other vessels of the same family.

Summary of a news item published in *Empress XXI*, 1 December 2007

Upgrades at kiln house: Basque group to continue investments to modernize furnaces

Basque group Calcinor plans to prolong its investment programmes into 2008 to integrate its manufacturing processes, reduce environmental impact and promote innovation in products and their applications. Implementing this strategy will entail expenditure of 25-plus million euros, to be distributed between the group's burning and refractory subsidiaries.

In 2007, the facilities of three furnaces at Andaluza de Cales, Calera de Alzo and Dolomitas del Norte have all been upgraded, and in 2008 work will go ahead on the second furnace at Andaluza de Cales.

Calcinor subsidiary Refractarios Kelsen has introduced tar and eco-resin in brick binder, thereby substantially reducing emissions without losing technical performance or characteristics.

One major investment landmark will be the group's first project abroad. At present Calcinor has a 50 per cent share with Austrian firm Baumit in Calmit Slovakia and Calmit Hungary. Extension and upgrading is scheduled at the former, plans including the introduction of a 300-tons/day Cimprogetti calcining furnace to cover the expected increase in demand from the local iron and steel industry.

At the same time, Calcinor is also implementing the early stages of the second phase of the extension at Bueras (Dolomitas del Norte), requiring a further 15-million-euro investment. The

plan seeks to double the plant's capacity with two new calcining (350 tons/day) and sintering furnaces (150 tons/day).

Included in the operation is the reorganization of the other factories in Cantabria, plus a planned increase in the group's prime quality material supply to the steel industry.

Finally, Calciner should shortly complete upgrading at Kelsen, where it has spent more than 20 million euros since 2003.

Summary of a news item published in *Empress XXI*, 1 December 2007

Going for gold: budding research centre to complete life project with 10 million state handout

San Sebastián's future nanoscience research centre CIC Nanogune Consolider is to receive 25 million euros from Spain's central budget over two years.

Pedro Miguel Etxenike, director of the city's International Physics Center and one of the major movers and shakers behind the technology pole, which will be up and running in late 2008 at its HQ on the University of the Basque Country's Ibaeta campus, explained yesterday at a press conference that the money will be used to do all the "necessary groundwork" for the Consolider start-up.

On land sited between the city's new park-and-ride facility and the Ibaeta irrigation channel part of the structure housing the new 6,000-square-metre centre is already visible. Designed by local architect Javier San José, the building's unusual design consists of six cube-like shapes clustered around a gold-plated aluminium tower. To begin with, some 25 scientists will be working at the new centre in five research groups.

Etxenike was confident CIC Nanogune would play a major role "as a magnet for scientific talent from all over the world", adding that the calls for applications for the heads of the centre's five research groups had already been activated. Once the building has been completed and fully fitted, some of the laboratories could actually be in operation by the end of next year.

According to Etxenike, CIC Nanogune's mission involved creating knowledge in nanosciences capable of being transformed into products by a range of industrial sectors. Nanotechnological research could be applied in a series of disciplines including materials science, biology and medicine.

Summary of a news item published in *Noticias de Gipuzkoa*, 27 November 2007

Trials soon be over: new aerospace technology centre laboratory already researching Airbus freight aircraft components

Aerospace technology centre CTA and Spanish aerospace system producer CESA, a member of the EADS group, have signed a four-year cooperation agreement to research and test new parts and systems to be used in future generations of aircraft.

Signed yesterday at the Alava technology park in Miñano, the agreement involves a joint one-million-euro investment on an R&D programme that will enable a whole new generation of action systems to be tested, with more electric components and the use of new materials replacing the hydraulic mechanisms used until now.

Component testing is performed at the new six-million-euro, state-of-the-art HALT test laboratory inaugurated by CTA on 14 November. The two companies are already working on a project to certify the actuators and mechanical components for the Airbus A400M cargo transport and salvage aircraft, now in the design phase and which is scheduled to replace current models on the market from 2010 on.

The new laboratory's mission is to accelerate the useful life of an aerospace component to the maximum and find out the hydraulic or mechanical part's limits and limitations in as short a time

as possible (between a week and three or four months) before assembly work starts on the aircraft.

Summary of a news item published in *Diario de Noticias de Álava*, 28 November 2007

A power of good: agreement signed for combined cycle facility in Basque town

Gas Natural CEO Rafael Villaseca and Lantarón mayor Jesús Barredo have signed an agreement to build two 800 MW gas-fired combined-cycle electricity generation units in the town.

In a ceremony presided over by Basque regional Industry, Trade & Tourism minister Ana Aguirre and her namesake, Alava chief council executive Xabier Aguirre, the agreement was signed at the Alava Provincial Council HQ yesterday.

At a press conference after the signing, Villaseca described the 500-million-euro project for building two combined cycle facilities in Lantarón as "one of the most important industrial projects" launched in Alava in recent years. The regional minister added that the new energy infrastructure would help to balance electricity supply and demand in the Basque region.

Ms. Aguirre reminded journalists that the Basque Country was "a major consumer", and that combined-cycle power stations "used the cleanest and most efficient technologies available at this moment to cover part of a growing energy demand."

Xabier Aguirre described the project as "one of the major industrial initiatives undertaken in Alava in the last few years."

Once up and running, the Lantarón facility will provide work for between 35 and 45 people, with between 500 and 1,000 being employed to build it. It will also create a number of jobs indirectly, particularly during the new power station's annual maintenance shutdown.

Under the agreement signed yesterday in Vitoria, Gas Natural will cooperate with the city council on financing and promoting environmental, social and cultural events and activities, also acting as a sponsor, in a bid to improve living standards in the town.

Summary of a news item published in *Deia*, 30 November 2007

Laurels not for resting on: Basque steel tube producer gets business award

Some 300 personalities from the regional business and economic world yesterday attended the Basque Business Gala Night organized by the Basque Business & Society Foundation and held at the Txillida Leku Museum in Hernani. This time around, the jury gave the *Basque Businessman of the Year 2006* award to Jaime Echevarría Abona, chairman of the Iberpapel-Papelera Guipuzcoana paper group in Zicuñaga and chairman of the Viscofán group. The *Made in Euskadi* award went to Alava-based steel tube producer Tubacex, *Business Innovation* to ZIV Aplicaciones y Sistemas, and the *Euskal Makila* award to multinational group DHL.

In the words of the jury, seamless stainless steel tube producer Tubacex's award was explicit acknowledgement of the company's international scope and success. The multinational, chaired by Álvaro Videgain, is today the world's second leading producer of this kind of steel tube, exporting to more than 60 countries and with a 22-plus per cent share of the world market.

What's more, it hasn't relied for success on business interests in countries offering cheap labour. On the contrary, it is now operative in cutting-edge technology markets, with subsidiaries in the US and Austria.

The award also acknowledges the integration of production processes at the factories located abroad with the home base in Llodio, a move that has proved to be a key factor in the group's success on international markets. Another factor in this success is its customer service and quality strategy, which has led to the creation of a commercial network involving some 15 subsidiaries abroad covering the whole of Europe, America and Asia.

One other decisive feature for the jury was the continuing ambition shown by Tubacex executives. Despite the success, top management are currently working on a strategic plan to 2010 designed to turn the company into a world leader.

Summary of a news item published in *Diario de Noticias de Alava*, 20 November 2007

Cleaning up: Bilbao redevelopment company celebrates 15 years of urban regeneration

At present, multi-institutional company Bilbao Ria 2000 has commissioned works and projects worth nearly a thousand million euros, 673 million of which (a little over 68 per cent of the total) has already been spent.

Financing is the key to the company's success, with more than 95 per cent of funds achieved through its own management. The formula is simple. Land contributed by company partners is sold and the surpluses are used to do things like covering the FEVE rail line as it cuts through Basurto, and the new municipal police force and fire brigade headquarters.

According to the company accounts published yesterday, in the 15 years it has been in operation, Bilbao Ria 2000 has spent more money in the city than anywhere else. Of the 694 million earmarked for Bilbao, 543 million euros were used on projects now completed, such as the Amezola development, where 89 million was spent on creating a large park and five blocks of quality flats and a further 118 million on the city's neighbouring southern rail variant.

In Baracaldo, one of the metropolitan area's outlying towns, finalized Urban operations and the current development along the Galindo riverbank are expected to cost 232 million all told, 128 million euros of which has already been paid out to contractors.

The final scenario for Bilbao Ria 2000 action is Basauri, to the east of Bilbao, where work is to begin next year. What a Bilbao Ria 2000 spokesman describes as "urban and rail surgery" in the Pozokoetxe district of the town is to cost 58 million euros, 1.3 million of which has been laid out on drafting the first works projects.

Summary of a news item published in *Deia*, 18 November 2007

On the wine wagon: wave of new bodegas for Rioja region

Manuel Jové, a businessman from Galicia in northern Spain, is currently overseeing the final touches to his new *bodega* in Ábalos, which, when up and running, will use local grapes and others from recently acquired vineyards in the nearby village of Samaniego.

A functional but by no means unattractive building, the new bodega is surrounded by minimalist gardens very much in tune with the beauty of the surrounding countryside. Inside, the bodega and offices have been built with the employees in mind, with amply proportioned sliding doors a major feature.

Rioja Alavesa, the part of Rioja in the province of Alava, continues to generate and attract money. Besides billing 525 million euros a year from the sale of wine and belonging to Spain's best-known and most powerful appellation, in recent years the area has become a spot particularly favoured by major Spanish bodegas looking to expand their business.

In the next few months, six major winemaking groups will be either finishing off or beginning construction work on new bodegas near the towns of Laguardia, Elciego and Labastida, at an investment of more than 83 million euros, bringing mouth-watering benefits for the towns and villages in the immediate environment. The bodega that Logroño-based architect Jesús Marino Pascual has designed for the Proconsol group, which is coming to Elciego, will be the first to get its wines onto the market, under the label of Bodegas Antion.

Likewise, in the foothills of the Sierra de Cantabria mountain range another major bodega, Casalbor, is putting the finishing touches to its new *château*. Sources in the industry put the investment at around 10 million euros. Japanese architect Toyo Ito recently finished a 20-million-

euro bodega project near Laguardia for Catalanian purveyors of champagne-style *cava* Freixenet, who are looking to add an extra million bottles annually to Rioja production figures.

Labastida is also hosting the arrival of new groups. Before the end of the year Torres will start work on its 36-million-euro bodega in the Alto Otero. A veteran in the industry, García Carrión, has also arrived recently in Labastida, after buying up the Señorío de Ulía bodega, on which it is to lay out 8.9 million on extensions and an entirely new winemaking pavilion.

Bodegas for Viña Izadi and Ebrogan are the last planned for the moment in Rioja Alavesa. With the final details now being added to the projects, the two will be neighbours on the road from Vitoria near Laguardia.

Summary of a news item published in *Diario de Noticias de Alava*, 18 November 2007

Tyre giant's giant tyres: Michelin to specialize in large tyres at Vitoria facility

French tyre giant Michelin's 4-year restructuring plan to 2011 is to be introduced at its four Spanish factories (Vitoria, Lasarte, Aranda and Valladolid) with a view to upping annual production by around 5 per cent. Under the plan, the Vitoria facility is to increase its production of giant tyres, currently standing at 110,000 units a year.

One of the group's biggest factories anywhere in the world, Vitoria has a 3,200-strong workforce, which will continue to work five shifts making tyres for cars and heavy machinery, the latter involving some very large tyres. However, on Wednesday Michelin executives said market demand was tending towards products with high technological power and greater added value, which meant that every factory would have its own research centre, albeit for a single range of tyres at each one.

Located in Gamarra, opposite the El Boulevard shopping mall, the Vitoria facility is to continue producing car tyres (making some 30,000 a day), operating round the clock for major carmakers, including Volkswagen, Ford, Seat, Renault, Opel, Peugeot and Citroen. But Michelin plans to specialize in really heavy tyres for excavators at Vitoria, from where the company is to supply the more than 140 countries in which it has commercial interests.

To reinforce production of this kind of tyre for vehicles working in major civil and public works, Michelin has already performed much-needed work at its Vitoria facility to increase production capacity in the giant tyre section, located in the back part of the factory. Michelin management are looking for a 20 per cent increase in giant tyre production for civil works after the 21-million-euro investment.

Summary of a news item published in *Diario de Noticias de Alava*, 7 October 2007

Wind in its sails: Basque wind power technology group acquires turbine producer

Management at Basque wind turbine technology manufacturer Obeki announced yesterday that it had acquired Windeco, in Murcia, in south eastern Spain, to continue with the diversification and internationalization strategy set out in its strategic plan.

With a workforce of just eight people, Windeco makes small wind turbines for installation in isolated areas or for connection to the electricity network, commercializing two wind turbine models of 5 and 8 kW of installed capacity.

Having worked with Obeki since 1997 on the turbine's main generators, Windeco will be moving shortly to its new facilities in Apatia Erreka (Ibarra). The firm currently has an order portfolio for 100 wind turbines to be supplied throughout 2007.

This year Obeki expects to register turnover of around 12 million euros and management want to see that figure increase to 20 million euros in 2010 through internationalization. As part of its strategy, it recently extended its commercial network in countries like China, Japan, Russia and

Sweden, while buying up firms like Windeco to diversify products in a bid to get a firm foothold in the renewable energy industry.

With an 80-strong workforce, the Obeki group has worked since last year from its new 8,000-square-metre factory on the Apatta Erreka industrial estate in Ibarra.

Summary of a news item published in Estrategia Empresarial, 15 September 2007

On the wing and other things: Basque aerospace firm to set up aircraft structure centre in Mexico

Basque firm Aernnova Aerospace is to install an aerospace component production and assembly centre in México with a 1000-plus workforce after signing an agreement with the government of Querétaro state.

State governor Francisco Garrido and Aernnova chairman Iñaki López Gandasegui put their names to the agreement at a ceremony held at Querétaro government headquarters yesterday.

Aernnova's Querétaro project entails investments of around 84 million dollars (roughly 65 million euros) and the creation of 1,070 jobs (810 specialist workers and 260 technicians, engineers and executives) in 5 years.

As supplier to the world's leading aircraft and helicopter makers, Aernnova works with companies like Airbus, Boeing, Bombardier, EADS, Embraer, Eurocopter and Sikorsky. The Querétaro centre will make and supply totally fitted out structures for client programmes.

At its new 20,000-square-metre aerospace plant in Querétaro, Aernnova will assemble large, totally equipped aerospace structures, including fuselage sections, wings and stabilizers, all ready for direct integration in the final customer assembly line, very much on the lines of existing Aernnova assembly centres in Spain.

By taking total responsibility for integral management of the aero-structures it makes, and tackling the assembly activities as such, the centre will also be fully involved in other vital areas such as engineering, supply chain management, provider chain development and homologation.

Summary of a news item published in Deia, 5 September 2007

A touch of glass: Basque firm acquires Belgian factory in bid to become leader in southern Europe

Company executives from Basque firm Vidrala announced yesterday that the firm had clinched a deal to acquire Manufacture du Verre, a glass container manufacturer in southern Belgium, a move that enables the company to complete a production cordon around France, its leading market.

Producing 135,000 tons of glass containers a year, Manufacture du Verre has a 290-strong workforce. The company is however in trouble: the precise size of its debts has not been made known and performance levels are modest to say the least. Company management at Vidrala see huge potential for improvements in efficiency at the factory and in turnover, currently around 50 million euros.

With the acquisition of the Belgian factory, Vidrala now has three foreign subsidiaries, one each in Belgium, Italy and Portugal. Its international interests complement its Spanish factories in Barcelona and Albacete and its HQ in Llodio, in the Ayala valley. In all, its six production centres are capable of putting more than 1.1 million tons on the market.

This is the latest step in the company's strategy designed to make it the leading business in southern Europe's glass market.

From Llodio, Barcelona, Italy and now Belgium, the company is looking to concentrate 25 per cent of its sales in France. The company plans to acquire another factory in Italy in the near future.

Summary of a news item published in Deia, 6 September 2007

Buying into a Silicon valley future: Basque regional government announces major investments in innovation over next three years

Ambitious is certainly the right word to describe the Science, Technology & Innovation Plan the Basque regional government approved at its latest cabinet meeting. Under the Plan, official combined public and private sector investment in R&D+I is to triple in three years to 6,714 million euros.

Regional government president Juan José Ibarretxe presented the Plan at a press conference following the cabinet meeting in the company of regional Industry minister Ana Aguirre and fellow minister in Education, Tontxu Campos. Ibarretxe described the plan as "the one essential, vital decision that will determine the success of the second economic transformation here in the Basque Country."

What this latest initiative aims to do is to ensure the region surpasses the average investment in innovation clocked up by the member states of the old EU15, currently standing at 1.7 per cent of the GDP. The idea is to turn the Basque region into a benchmark for the European Union as a whole, by taking today's R&D+I investment figure of 1.43 per cent of the regional GDP to 2.25 per cent by 2010.

One issue already settled is who exactly will be putting up how much of the money required under the plan. Indisputable leader of the public investment pack is the regional government itself, which is to provide 2,000 million, with the region's three provincial councils each chipping in with 170 million. Other public sources of financing are the central Spanish government, which is to contribute 383 million, and the EU, set to pay out 196 million. The private sector's contribution comes to 3,634 million euros in all. Among other things, all this cash should mean the proportion of small companies with less than ten employees working in innovation increases from the present 33.3 per cent to 42 per cent.

Ibarretxe wanted to see "a major change in social mindsets" towards the professional science and innovation sector in a strategy that will lay the groundwork for the future of the Basque region and its economy in the coming years.

The plan is based on four cornerstones. The first will work towards implementing economic competitiveness, through the Innova Cooperación, Innova Empresas, Innova Abierta, Emaitek, Saiotek and Ikertu programmes.

Second, the plan funds the Eortek and Etorgai programmes, designed to diversify research results, while the third objective involves new approaches to technology through the Connect Gunea and NET programmes.

Finally, scientific policy will have specific support and follow-up through the BERCs (Basic Excellence Research Centres), basic research and the consolidation of the CICs, the region's Cooperative Research Centres as science and technology generation players.

Summary of a news item published in Noticias de Gipuzkoa, 25 July 2007

Seamless operation: two Basque steel tube makers merge to create Europe's second largest producer

One of the world's six largest industrial groups producing steel tubes is to be based in the Basque Country, following the merger of Alava businesses Tubos Reunidos and Condesa. The operation, between Spain's leading seamless steel tube maker, with its headquarters in Amurrio and the Iribecampos family's welded tube firm based in Legutiano, facilitates the creation of a consortium with turnover of 1,600 million euros. Called Tubos Reunidos, the new business's 4,200-strong workforce will be capable of producing 2.2 million tons of welded and seamless carbon steel tube a year.

Although technically speaking a merger in which Tubos Reunidos, floated and quoted, absorbs Condesa, the operation will leave the latter's shareholders, headed the Iribecampos-Uribarren family, as the leading lights in the new group with a stakeholding of between 36.25 per cent and 40.01 per cent, depending on the exact terms of the final agreement.

Tubos Reunidos chairman Pedro Abasolo, company CEO Javier Déniz and Condesa CEO Luis Uribarren announced the details of the operation, which entails the creation of Spain's largest, Europe's second and one of the world's foremost carbon steel tube producers, yesterday in Bilbao. Condesa shareholders are also heavyweight stakeholders (owning 18 per cent) in Tubacex, the other Alava-based tube producer, although in this case in stainless steel.

Summary of a news item published in *Diario de Noticias de Alava*, 25 July 2007

Gone global: one in five Basque automotive factories now located outside the region

Figures included in the latest Report issued by Basque automotive cluster ACICAE demonstrate the extent to which the regional industry has gone international. According to the report, the regional automotive industry has more than 100 factories outside Spain, 45 in the Spain and 354 in the Basque Country itself, making a total of around 500 in all.

This expansion is a result of planned growth in emerging markets such as Mexico, Brazil, Poland, the Czech Republic, Slovakia, Rumania, China and India. The 300-or-so Basque automotive firms are clearly keeping up their position, having clocked up turnover of 9,576 million euros (up 4.3 per cent on 2005), with forecasts for 2007 pointing to around 10,157 million euros.

Today, some 40,500 people work in the Basque automotive industry, with a further 15,000-plus employees at the 145 factories outside the region. As ACICAE director general Inés Anitua notes, "the industry's business interests in other countries consolidates the home base and, the bigger and more powerful its interests elsewhere, the safer the jobs at home will be."

Anitua says Basque firms were entering new markets mostly "to accompany customers that have gone global." She describes the process as "unstoppable" in an industry that makes 65 million vehicles a year and which will continue to grow most in markets with enormous potential as yet largely untapped."

Summary of a news item published in *Diario de Noticias de Álava*, 13 July 2007

Pole position in future: research organization to get new centre for physics of materials

Under an agreement signed recently by the University of the Basque Country (UPV) and Spain's Madrid-based advanced scientific research council CSIC, the science pole now being established at the university's Ibaeta campus in San Sebastián is to have a new research centre in 2009. The terms of the agreement provide for a new eight million-euro building to house the CFM centre for the physics of materials.

Set up in 1999 as one of only two centres in the Basque region in which the CSIC is to be directly involved, CFM is to occupy a site owned by the UPV, next to the Faculty of Chemical Science and the Joxe Mari Korta R&D+I centre. Work on the 4,500-square-metre, three-storey plus semi-basement building, which will house nanophysics labs and an auditorium, is expected to begin in the autumn and take around 22 months.

Speaking after the agreement was signed at the Joxe Mari Korta research centre, UPV vice-chancellor Juan Ignacio Pérez said he thought it was "highly unlikely" there would be many other European areas in the future with "the kind of research potential Ibaeta is going to have." The new centre will continue working "closely" with the Donostia International Physics Center and the UPV's own Chemistry Faculty, as well as with future Basque research cooperative CIC Nanogune Consolider (now under construction) which concentrates on the Physics of Materials and nanosciences.

The Centre for the Physics of Materials is a joint venture started in 1999 by the CSIC and the UPV. Today its 60-strong workforce includes researchers, technicians and support staff, working at the

Guipúzcoa campus and the Science & Technology Faculty and the Higher School of Engineering in Bilbao. Staff members concentrate on basic research into polymer materials, photonics and the simulation of microscopic properties of materials in general and nanosystems.

Summary of a news item published in Noticias de Gipuzkoa, 3 July 2007

South of the border: Basque aerospace supplier to build Mexican factory to supply Boeing and Bombardier

Basque aerospace component supplier Aernnova is continuing its internationalization strategy and the search for new customers to supply in its ongoing bid to become a world benchmark for the industry. Management sources confirmed yesterday that this year the company, led by Ignacio López Gandásegui, would begin work on a new aircraft and helicopter component and metal structure factory in Mexico.

Mexico is the company's chosen platform for the assault on the US market, a magnet for any firm working in the aerospace industry. Aernnova will be looking to canvass new American customers and consolidate existing commercial relations with other concerns, including Boeing, Bombardier and Sikorsky, a world leader in helicopter design and manufacture.

While remaining shy of detailing the exact size of the investment, Mexico's Querétaro state Secretary for Economic Development Renato López Otamendi told local media that Aernnova's arrival at the state's aerospace park would cost "something like" 37 million euros.

Once the new Mexican factory is up and running, plans will go ahead for the mid-term introduction of an engineering unit and a composite structure production line.

After announcing the launch of a US-based industrial engineering unit in January, sources at the Basque aerospace structure group, which has its HQ in Álava, said the project would be underway inside two to four years. An industrial production line would be added later to the original engineering unit.

As a global tier-one supplier of aerospace structures, engineering and components, Aernnova is currently working to consolidate a solid international base, building on its existing industrial business interests in Brazil and the 100-plus engineers it has working in the US with Boeing.

Summary of a news item published in Diario de Noticias de Alava, 4 July 2007

Good neighbours: new arrival at Basque logistics park to process Repsol resins

Nine months after distribution firm DIA became the first tenant at the Arasur logistics platform, another company has announced its arrival at the distribution complex at Rivabellosa. An Arasur spokesman announced yesterday that Logento was to take up residence in a 10,000-square-metre industrial pavilion at the park to process 11,000 tons a month of plastic resins from Spanish oil giant Repsol's nearby Santander plant.

One of the effects of Logento's arrival will be a substantial increase in lorry traffic at Arasur from this week on. Some 80 per cent of container traffic will go to the American and Asian markets through the Port of Bilbao, while the other 20 per cent or so will be taken to Eastern Europe by road.

Located at the junction of the AP-1 (Burgos-Armiñón) and AP-68 (Bilbao-Saragossa) motorways with the A-1 (Madrid-Irún) trunk road, the Arasur park should be finished, with land laid out and all pavilions built, in nine years' time. Ranging from 3,000 to 24,000 square metres, these pavilions will minister to goods' transport needs in the north of Spain.

Summary of a news item published in Diario de Noticias de Alava, 28 June 2007

All down the line: regional rail service announces six-year 1,200-million investment plan to give “bigger and better service”

Top brass from Basque rail services operator EuskoTren announced company plans to invest 1,212 million euros from 2007 to 2012 in a bid to create what they described as “a highly functional, fully operative rail network” offering “a bigger, better service” with faster, smoother passenger and goods’ transport changes.

Regional transport and public works minister Nuria López de Guereñu gave a press conference in Bilbao yesterday to detail the investment plan, known as EuskoTren 21. Accompanying Ms. López de Guereñu at the presentation were EuskoTren CEO Julián Eraso and Javier Carlos de Bergara, executive vice-chairman of operator body Euskal Trenbide Sarea (ETS).

According to López de Guereñu’s figures, initiatives in the plan will facilitate a 54-plus per cent increase in the number of passengers transported by rail, taking the total from the 2006 figure of 18.75 million passenger journeys to 29 million in 2012.

Goods transport is also expected to increase substantially, thanks to the forthcoming link with the port of Pasajes and the recovery of the Urola branch line. Rather than limiting the action taken to the EuskoTren track network, which is expected to shift 270,000 tons of goods’ traffic a year, the company hopes to take the figure to two million tons through agreements with other operators.

Summary of a news item published in Noticias de Gipuzkoa, 26 June 2007

Pole position: MCC makes major investments on new R&D initiative

Mondragón Cooperative Corporation (MCC) inaugurated a new 43-million-euro technology and innovation centre yesterday. This major business initiative is the first building in the future Garaia innovation pole, located in Mondragón, and which will eventually employ 350 people when up and running at full tilt.

Already a member of the Basque technology park network, this initiative has been launched with the mission of providing an area of excellence capable of stimulating innovation and introducing new technologies in the region’s firms with a view to promoting competitiveness and generating jobs calling for cutting-edge skills and qualifications. The new building is to house the R&D units of a number of Basque SMEs.

To date the MCC has invested 43 million euros on this business park, 24 million of which were spent on acquiring the land and fitting it with the kind of services needed. The actual modular building cost nine million. The other 10 million euros have been reserved for building the Edertek centre for the automotive industry, which should be officially opened before the end of the year.

All these developments are steps on the path to creating a long-term project conceived by the local authorities and the private sector and which, in twelve years’ time, will provide jobs for 2,000 researchers.

When finished, the 450,000-square-metre Garaia Innovation Pole will house R&D units working in an impressive range of areas, including the automotive industry, electronics, security, new materials, new technologies, machinery, power and business administration.

Summary of a news item published in Diario de Noticias de Alava, 19 June 2007

Mall is beautiful: property promoter announces 30-million investment in new shopping centre in Eibar

Property promoter Value Investment, a Cargill multinational investee, has been entrusted with the task of building and running, through a company called Eibar Boulevard, the future Errebal shopping centre in Eibar. This is the second VI initiative in Spain (both in the Basque region) as it

already manages Baracaldo's Los Fueros Boulevard shopping centre. Construction work on the new 30-plus million-euro Errebal centre is to begin in August.

To be designed by the Sánchez-Madrirdejos and Mark Fenwick architectural studios, the new centre will provide 8,500 square metres of shopping space on three floors and four underground storeys, three of which will be used as a car park. A food market and a supermarket will be located on the fourth underground floor. Shops, leisure and entertainment centres and restaurants will be located on the ground floor and the two upper floors, with a covered, 600-square-metre plaza above.

Summary of a news item published in *Estrategia Empresarial*, 16 June 2007

Down Mexico way: Basque-based automotive component producer announces major investments in Mexican factory

Eibar-based automotive component producer Engine Power Components, EPC, announced plans for a three-year, six-million-dollar investment to start up the factory it is now building in Torreón, Mexico. Company management have hired (with an option to purchase) a 5,800-square-metre pavilion on a site measuring 6,000 square metres in all. If all goes to plan, the new factory will be producing camshafts and other parts from September on. Most of the investment assigned to the operation will be used to buy and transfer machinery and equipment from the company's factory in Eibar.

The factory at Torreón will have three production lines, two of which should be up and running by the end of the year. The basic object of the operation is to meet demand in the Central American zone and the factory is expected to produce some 310,000 units in its first year of activity, with billing expected to come to around 9 million US dollars.

EPC is also putting the finishing touches to a joint venture in China baptized as Chongqing EPC to meet the growing demand for supplies there.

Summary of a news item published in *Empresa XXI*, 15 June 2007

Two-way traffic: report highlights regional technology centre response to institutional investment

A report commissioned by research corporation IK4 and Tecnalía to mark the 25th anniversary of the creation of the Basque technology infrastructure network reveals that in the last ten years, technology centres in the region contributed 914 million euros to the Basque GDP and invested 230-plus million euros.

Moreover, the actual contribution made by the Basque technology centres has increased year after year. The 2006 figure, for instance, was a full 45 per cent up on the 1997 level. Data also showed that for every euro the Basque authorities have invested in them, the centres have responded in style, with an average 2.39 euros to fatten the region's GDP.

Technology centres in the Basque region today employ more than 2,500 people, 10 per cent-plus of whom are trained to doctorate level. The annual average increases to 3,500 employees when all other direct and indirect jobs are taken into account.

Employment figures are given an added boost by the 240 people recruited every year by new companies created within the technology centres. To date, 108 new companies have been incorporated, 80 per cent of which are still in production and which have a 600-strong workforce in all.

In-house training is also a major activity at the technology centres. In the last 25 years, 2,208 people have spent periods at the centres to get a taste of working life at the cutting edge.

Summary of a news item published in *Diario de Noticias de Alava*, 14 June 2007

Seize the day: buoyant industrial group to create 600 new jobs in Basque Country in next four years

Ulma Group CEO Txomin García yesterday announced investments of around 500 million euros and 1,200 new jobs, half of them in the Basque Country. Speaking at a press conference called at group head offices in Oñate, García, accompanied by chairman José Luis Madinagoitia, who is set to retire after 43 years as a partner in the cooperative, said Ulma was determined to take advantage of the current bonanza to develop its business interests.

The two company executives presented the new Ulma Packaging technology centre, to be inaugurated this afternoon in a ceremony attended by regional president Juan José Ibarretxe.

With its agricultural, fork-lift, construction, forge, handling systems, polymer concrete and packaging divisions all performing well, the Ulma group clocked up results of nearly 50 million euros in 2006, representing 27 per cent growth and "record figures" for the group. The group achieved consolidated sales of 624 million, up 23 per cent. Although all divisions returned growth above 15 per cent, handling systems, with 41 per cent, and polymer concrete, with 27 per cent, led the way.

García stressed the importance of international sales to group figures, up 26 per cent last year to 265 million, 43 per cent of the group's total sales. One big initiative during the year was the acquisition of Chinese construction firm Tungchen as a "platform for its future interests in the building industry in China for the future."

Summary of a news item published in Noticias de Gipuzkoa, 14 June 2007

On the road again: major logistics operator opens new platform on Basque industrial estate

Azkar, the leading logistics operator in Spain and Portugal with HQ in the Basque town of Lazkao, recently inaugurated a new ten-million-euro transport platform at Vitoria's Jundiz industrial estate. In its ongoing bid to reinforce its network of facilities, the firm started up a new logistics and storage platform in the Basque capital at the end of April, joining the one it already had at Jundiz and the distribution centre there.

Located on a 44,300-square-metre site on the estate's Paduleta lane, the new complex's buildings take up 24,525 square metres of the available space. The new facilities at Vitoria run transport and logistics operations for two major clients, Saunier Duval (which has an air-conditioning equipment production facility in Vitoria) and MCC cooperative group member Fagor Minidomésticos, which makes and markets pressure cookers and a range of mini-white line products made at its factory in Escoriaza.

Offices and other services occupy a thousand square metres at the complex, which has 31 vehicle loading and unloading bays and storage capacity of 30,000 spaces for pallets.

With this latest inauguration, Transportes Azkar now offers customers in the Basque region a choice of ten facilities, including three distribution centres in Bilbao, Lazkao and Vitoria, six logistics platforms in Amorebieta, Vergara, San Sebastián and Vitoria, plus a mixed platform also located in San Sebastián. Azkar is the benchmark logistics operator in Spain and Portugal, where it has a network of 81 facilities covering more than a million square metres, 480,000 of which are buildings. With a 5,000-strong workforce and a fleet of 2,200 vehicles running 350 routes daily, Azkar meets the supply chain requirements of more than 13,000 customers working a broad range of activities.

Summary of a news item published in Diario de Noticias de Alava, 13 June 2007

Venturing in: investors from outside Basque region spend 320 million to take up positions in six Basque firms

In recent weeks the arrival rate of venture capital companies and financial corporations from outside the Basque region into local firms has stepped up. It's not just the latest craze as the figures show: the arrivals have spent upwards of 320 million euros to back projects at ZIV, Alcad, Panda Software, Ikusi, Kider and Gamesa Servicios. Altogether these firms have total turnover of 550-plus million.

The most recent moves have concentrated on the electronics and telecommunications industries, in what would appear to be the prelude to the massive application of new technologies, which will favour the organic and corporate expansion of the firms chosen.

Stock market quotee Dinamia has proved the most active in taking stakes in ZIV and Alcad, with an investment of 42-plus million euros, which offsets its recent withdrawal from GAM, a group that includes local crane producer Grúas Aldaiturriaga.

Both captured firms have similar business plans, with major prospects for increases in sales, plans to acquire new businesses, reinforce R&D activity and begin international expansion.

Spanish investment fund Fala and the Italian fund Investindustrial are to reinforce Panda Software's international project in the computer safety and security field and the development of new technologies included in the company's new "Panda 2" strategy.

Caja Navarra, a savings bank from the neighbouring region of Navarra, has entered Kider and Ikusi after buying shares from 3i and other minority holders, while the British fund recently completed its biggest operation, at 170 million, to take control of Gamesa Servicios, which will be backing in its bid to get into the US and UK markets.

Summary of a news item published in Empresa XXI, 15 May 2007

The come-hither appeal: Basque science foundation to spend six million on attracting international scientists

Basque research foundation Ikerbasque is to create two research centres this year specifically devoted to working on neutron techniques and studying climate change. In the relatively near future, three others are to be launched in as yet undetermined work areas. The foundation also plans to invest six million euros in the next two years to entice international experts to come and work at Basque universities and research centres.

At present, more than 240 academic research groups with 1,700 experts work in the Basque region. Promoted by the regional government's Department of Education, Universities & Research, Ikerbasque was conceived to reinforce the Basque science system and make it a benchmark for the rest of Europe.

To that end, the foundation has set itself the target of attracting to the region one hundred leading scientists working in the experimental, medical, social and legal sciences, technology and the humanities.

Directed by university chair Mari Carmen Gallastegui, the foundation has a budget of six million euros to 2009 for recruitment and with the selection process already under way it is hoped that the first thirty scientists will be working under contract by the end of the year.

To capture the scientists, adverts have been placed in scientific and technological web sites and prestigious journals such as *Science* and *Nature*, while a major review of science in the Basque Country has been published this month in *Scientific American*. To date, some 120 applications have been received, 70 per cent from abroad. Scientists aspiring to work in the region come from 25 countries, including the US, France, Germany, Italy, China, India and Iran.

Summary of a news item published in Deia, 5 June 2007

Chain reaction: Basque food distribution chain acquires 75 per cent of Catalonia counterpart

Basque food and supermarket chain Eroski finally won the race to acquire the 478 Caprabo supermarkets and the company's 15 hypermarkets by making off with 75 per cent of the Catalanian food distribution group at a cost of 1,125 million euros, say sources involved in the talks. The move is a major step in Eroski's strategy of expanding in strategic areas such as Madrid and, in particular, Catalonia, where until now it had no supermarkets at all.

Eroski beat off some fierce opposition from the likes of Carrefour, Auchan and El Árbol and investment fund Permira, which already owns Dinosol and was before the off the toughest-looking rival of all, to take over the Barcelona-based group. Besides offering a generous lump sum (the largest in its history), Eroski also guaranteed the business would continue under the present banner, key points that tipped the scales in favour of the Basque chain.

With this operation, subject to approval by Spain's fair competition service, Eroski obtains turnover of 8,610 million euros (Caprabo providing 2,194 million), with 2,348 establishments (500 from the Catalanian group in eight Spanish regions) and nearly 50,000 employees (15,000 from Caprabo), consolidating its position as the country's third leading distribution group behind Carrefour and Mercadona.

Under the terms of the sale, Eroski also agrees to retain the Caprabo head offices in Catalonia, together with the group banner in the markets where Caprabo currently has its biggest business interests.

Summary of a news item published in *Diario de Noticias de Alava*, 7 June 2007

Broadly speaking: Spanish telecom operator announces investment plans for ADSL in 2007

Spanish telecom giant Telefónica expects to reach 215,000 ADSL lines in the Basque region this year, up 30 per cent on the 165,000 it had at the end of 2006. The firm ended last year with 1.8 million accesses in the Basque Country, including fixed, cell, mobile, Internet and TV after investing 86 million euros during the twelve-month period.

Presenting the group's 2006 figures in the Basque region, Telefónica local main man Oscar Alegría described the year as "very positive" and one that "guarantees our leadership position in the region."

Besides investing 86 million euros, in 2006 Telefónica purchased supplies and equipment from 120 Basque firms worth 100 million euros. As Alegría pointed out, the investments "are in line with our plans for the 2006-2009 period." His firm expected to spend 430 million euros in the region in developing fixed and mobile broadband, and on maintaining and extending its infrastructure, which already has 87,000 kilometres of optical fibre.

At the same presentation, the firm introduced its report *The Information Society*, which, among other things, states that 83 per cent of the firms of less than ten employees were connected to Internet.

Summary of a news item published in *Diario de Noticias de Alava*, 5 June 2007