

**BASQUE COUNTRY DOSSIER**  
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**INVESTMENTS- 2008**

## All on the surface: Basque battery maker researches new industrial coatings in 25-million-euro project

Basque group Cegasa, one of the region's leading international producers of batteries, is currently involved in an industrial research project called ART-DECO, designed to develop really tough new decorative and industrial coatings for ceramics, glass and metal for the construction, automotive and white-line household goods industries.

In all, 14 businesses and 12 research centres are taking part in this 25-million-euro project expected to come up with useable results that can be implemented fast in the target industries, are eco-friendly and, using cutting-edge technologies, can make the present highly contaminating industrial coating processes obsolete.

Approved in the last call for the Spanish Ministry of Industry's CENIT (2007-2011) programme, the project is one of a number of major industrial initiatives backed by public and private sectors alike. CENIT is basically a way of getting large, inevitably costly strategic industrial research projects up and running.

Any processes fine-tuned as part of ART-DECO should lead to the development of new decorative and industrial coatings providing specific new functional performances and solutions and technological advantages in a range of applications, such as coatings for the glass and optical industries.

During its time on the project, Vitoria-based Cegasa has become a major European battery producer, and is now one of the world's leading private trademark battery maker.

In recent years, Cegasa has consolidated its interests in a formidable international business group, with eight subsidiaries in countries around the world selling its products in more than 50 countries.

Summary of a news item published by Diario de Noticias de Álava, 15 April 2008

## Heat is on: Basque engineering firm allies with Arab firm to lead world solar energy market

Sener has launched a new company to operate in renewable energy sources with an ambitious thermosolar technology that involves concentrating the sun's rays in a receiver to use the heat captured to generate electricity. For its latest initiative, the Basque engineering firm has found an ally in Masdar, an alternative energy firm based in Abu Dhabi (Arab Emirates). Together they've set up Torresol Energy, which has been given the mission of becoming a world leader in the industry. TE management are looking to invest 2,000 million euros to 2012 on building ten or so thermosolar facilities at a rate of two a year.

Torresol Energy was presented in Bilbao under the auspices of Vizcaya Provincial Council, whose Chief Executive, José Luis Bilbao, accompanied Sener chairman Jorge Sendagorta. Masdar was represented by CEO sultan Ahmed Al Jaber, who, after receiving the *makila* or baton from Bilbao appeared in the press conference with a number of his fellow Arab executives.

Owned 60 per cent by Sener and 40 per cent by its Abu Dhabi-based partner, the joint venture is up and running at a time when clean sources of electricity are all the rage in a market that is still a long way from maturity. Solar energy from concentration has been used in a number of projects worldwide. However, the technology is not yet being exploited on a major scale, and there's still plenty of scientific work and marketing.

Today thermosolar installed capacity around the world comes to roughly 400 MW, hardly a blip on the radar of the global electricity generation mix. To show just how far the technology has to go, Torresol reckons on having a production base of 320 MW in the next five years. In the slightly longer term, the company has set itself a target of 1,000 MW in ten years' time.

The first 800-million investment has already been assigned to three projects, two in Fuentes de Andalucía in Seville, and the other in Arcos de la Frontera, Cadiz. Work begins next month on the first 17 MW complex, while work on the other two (both 50 MW each) begins this coming September and March 2009 respectively.

Summary of a news item published in Deia, 13 March 2008

## **Cash in the air: natural gas firm announces 170 million investments in Basque region in renewable energy sources**

Naturgas Energía, the leading supplier of natural gas in the Basque and Asturias regions as well as being the Basque Country's second leading electricity operator, has committed 170 million euros to invest in renewable energy to 2010 through Naturneo, and a further 100 million in other business areas. At a press conference in Bilbao yesterday, Naturgas Energía chairman Manuel Menéndez said the pace of investment and the actual target business areas depended on opportunities and permits from the authorities. Menéndez underlined the fact that Naturgas net profits in 2007 had upped 55 per cent over the previous year to top the 100-million-euro mark.

After presenting some excellent results with major growth in business levels, top management at Naturgas Energía said forecasts for 2008 reckoned on "continuing with last year's sustained growth" and taking advantage of all the opportunities arising in a market where further liberalization is on the agenda.

Menéndez and company CEO Fernando Bergasa explained that Naturneo Energía, in which Naturgas owns 51 per cent, the rest belonging to the EDP Group, is currently involved in bidding in a call for tenders to build three wind farms in Alava, which should be awarded soon, and is committed to exploring all "profitable" opportunities arising in the fields of renewable energy and cogeneration.

Summary of a news item published in Diario de Noticias de Alava, 8 March 2008

## **All in the same boat: audiovisual foundation set to make technology park TV benchmark**

Alava Technology Park has been chosen as the definitive site for the new 8-million-euro, 5,000-square-metre head offices of the EUVE (European Virtual Engineering) foundation. After weighing up a number of options (Vitoria City Council offered the firm a fifty-year lease on a lot in Lakua, but company management were not convinced by the financial guarantee on the lease), the foundation will finally build its new HQ in Miñano because, as a management spokesman put it, "that's where the most innovative and development-oriented action is in Alava today."

EUVE director general Pedro Hernández describes the Technology Park as "a flagship initiative with huge critical mass. Which is why we thought that it was the natural place for a technology centre like ours," Hernández went on to say the Park had "all the infrastructures EUVE needs to organize events designed to publicise technologies." EUVE is a non-profit making foundation working on virtual engineering, television, information systems, meteorology and artificial intelligence.

The new three-storey, boat-shaped building will be fitted with meeting rooms, rest and multi-use areas and a TV laboratory which, besides the vital computer infrastructure, will have a set for recording programmes and live broadcasts and the equipment needed to experiment with the application of new technologies to audiovisual production.

Summary of a news item published in Deia, 4 March 2008

## **Electrifying: French electrical goods multinational to build 20-million factory in Vizcaya**

French electrical goods manufacturer Schneider Electric is to invest 20 million on a new factory making medium voltage products in Vizcaya. As group CEO for Spain Enrique Valer explained yesterday, the new factory will be producing the Mesa range, a specialist in high and medium voltage products such as sectionalizer switches, medium voltage cells, fuses and over ground distribution instruments.

With the property and housing market in deceleration, Valer said that Schneider Electric expected turnover to be up 7.5 per cent, as opposed to the figure of 11.9 per cent achieved in 2007. For the multinational's Spanish subsidiary, property provides from 12 per cent to 16 per cent of its total turnover. Schneider Electric's European division has had its HQ in Barcelona since last year. Led by Julio Rodríguez, the division bills 5,200 million euros a year and keeps a 32,000-strong workforce busy in 18 countries.

Although the factory will increase group production in Spain, the actual number of Schneider Electric factories will remain the same, as the new facility will replace the present factory in Munguia, which currently provides work for 140 people.

Summary of a news item published in *Diario de Noticias de Álava*, 5 March 2008

## **Tool revolution ahead: Basque machine tool producer inaugurates new unit**

Izar Tools inaugurated its new 13-million-euro, 11,000-square-metre cutting tool facility at Boroa-Amorebieta. Attending the official inauguration were a number of representatives from the Basque authorities and the region's institutions, led by regional president Juan José Ibarretxe, who praised the efforts made by the century-old firm to innovate and improve competitiveness.

The facility was inaugurated as part of the events programmed for the Machine-Tool Biennial, on until this Saturday at the BEC, Baracaldo's Bilbao Exhibition Centre. Dozens of clients, suppliers and workers visited the centre, which has been fitted with the very latest technology.

On a 24,000-square-metre site at the Boroa business park, the facility is described by company management as "Europe's most modern cutting tool production centre." Izar hopes the new unit will revolutionize its manufacturing concept to multiply the amount and quality of all the tools it produces.

Summary of a news item published in *Deia*, 5 March 2008

## **On a roll: Basque hygiene supplier announces new 6-million-euro logistics centre**

Vizcaya-based supplier of safety and hygiene products for industry, hospitals and communities Celulosas Vascas is to open a new six-million-euro, 6,380-square-metre facility at the Boroa industrial estate near Amorebieta in May, where it will finally fulfil its ambition of unifying all its factories and warehouses in a single logistics centre.

Using warehouses and distributors throughout Europe to move its products, Celulosas Vascas needs enormous stocks to guarantee its ability to spot-supply its customers, particularly organizations like the Basque region's public health service *Osakidetza*. The new facility in Boroa now being built by Zamakoa will provide the firm with 1,300 square metres of office space while improving the production and logistics side of the business. But the big surprise at the new Celulosas Vascas factory is in fact to be found on the façade, which is to display photographs of the region's flora and nature as a means of integrating the facility into its surroundings. Local art

studio Durero and Formica, with a new product called Digiform, are currently working together on materializing a dream long held by founding partner Gabriel Sanz.

Celulosas Vascas began operations back in 1981 in Erandio. Its current success owes much to the vision and tenacity of business partners Javier Izaola and Gabriel Sanz in commercializing products that were only just beginning to circulate in Europe at the time as substitutes for towels and workshop cleaning cloths. With cellulose rolls in hand as their catalogue, Celulosas canvassed and convinced major consumers like Cruces, which was the first hospital anywhere in Spain to use its rolls, Spanish power giant Iberduero, leading bank BBV, Agra and Bilbao's other major hospital, Basurto. With its Aachen trademark, Celulosas Vascas added new strategic clients and new products, including industrial rolls, bins, sacks for waste, soap dispensers and disposable gloves, clothes and cutlery. Most of the firm's products are also used in the food, cosmetics and beauty industries.

Summary of a news item published by Estrategia Empresarial, 31 January 2008

### **Czech mate puts group at advantage: Basque automotive component group continues expansion strategy**

Basque automotive components producer CIE Automotive recently notified Spanish national securities and investments board CNMV that it had acquired Czech machining company Praga Louny outright at a price of 3.96 million euros drawn from the group's own resources.

According to a CIE press release, the recently acquired company, some 60 kilometres northwest of Prague, specializes in metal cutting technologies, including turning, milling, grinding and rolling, while also performing heat treatments and machining gear-box parts and other vehicle components.

According to a CNMV spokesman, the new group member has a workforce of 279 people employed at a 33,000-square metre factory on a site of nearly 135,000 square metres.

In 2007 the company registered turnover of nearly eight million euros. The acquisition means CIE has strengthened its business interests in Eastern Europe, where it now has 8 factories in all.

Summary of a news item published in Deia, 5 January 2008

### **Helping hand: strategic seven get 24 million-euro share-out for major business projects**

Seven major Basque firms have been chosen to benefit from an aid scheme for strategic projects introduced by the regional government's Department of Industry. A Department spokesman described the new programme as the most ambitious of its kind to date. This year it has already awarded 24 million euros in support of Aeroblade, CAF, Epsilon Euskadi, Navacel, Sapa Placencia, Ulma Forja and Sociedad de Cartera Zestoa in their bid to implement plans designed to increase production investments and workforces.

According to the Department spokesman, the aids would provide backing for investments worth nearly 250 million euros and entail the creation 672 new jobs to 2010.

The star project qualifying for such aid is undoubtedly the one presented by Aeroblade, a new Aernnova subsidiary set up with the mission to get a foothold in production of blades for the latest generation of wind turbines.

Rolling-stock producer CAF is to receive 4.8 million to help in its drive to expand its business interests abroad and consolidate its position with its own technology in the high-speed train market. Epsilon is to get 3 million euros for its new facilities in Vitoria, where it is moving from its original home in Azcoitia. The 1.7-million subsidy for Navacel is designed to aid the firm to develop larger parts for the petrochemical industry.

Sapa (3 million), Ulma Forja (2.9 million) and Sociedad Cartera Zestoa (4.6 million) are the other firms on the list of companies receiving government backing for projects the Department of Industry describes as strategic.

## **Clean-up act maturing nicely: urban redevelopment corporation plans 360-million-euros' worth of new investments**

With its 15th anniversary year just begun, public city redevelopment corporation Bilbao Ría 2000 has a number of urban reclamation operations under way at present in Bilbao, Baracaldo and Basauri entailing as yet unassigned investments valued at around 357 million euros.

In Bilbao alone, planned investments of 194 million euros should lead soon to the reorganization of the huge urban lot at the former home of local police and fire brigade at Garellano, although the most complex operation in Bilbao is to be found at nearby Olabeaga, where plans are going ahead to put the railway tracks underground, build new housing on the freed up land and add several access ways from the neighbouring A-8 motorway.

In the Abandoibarra area a few hundred metres down river from the Guggenheim Museum, Bilbao Ría 2000 has the new Iberdrola Tower under way (which, at 165 metres high will be the region's tallest building), the new Plaza de Euskadi, incorporating a 14,500-square-metre garden and a much-needed city car park, and the new 25,000-square-metre park on the riverside area known as the *Campa de los Ingleses*.

Currently presided over by city mayor Iñaki Azkuna, the corporation will have spent some 694 million euros on revamping Bilbao in its 15-year lifespan once these latest operations have finished.

In Baracaldo, Bilbao Ría 2000 has projects finished or under way worth 125 million, with a further 107 million euros as yet unawarded to come.

Finally, Bilbao Ría 2000's 58-million-euro arrival in the project designed to regenerate the neighbouring town of Basauri will be formalized in the immediate future, now that all the parties involved are close to agreeing terms and the construction project for the Lapatza goods terminal is almost ready.

Founded in 1992 by a number of public organizations backed by the Spanish and Basque regional governments, the Vizcaya Provincial Council and the city councils of Baracaldo and Bilbao, Bilbao Ría 2000 has been so successful in revamping the metropolitan area of Greater Bilbao that it has become an international benchmark for institutional coordination for urban recovery.