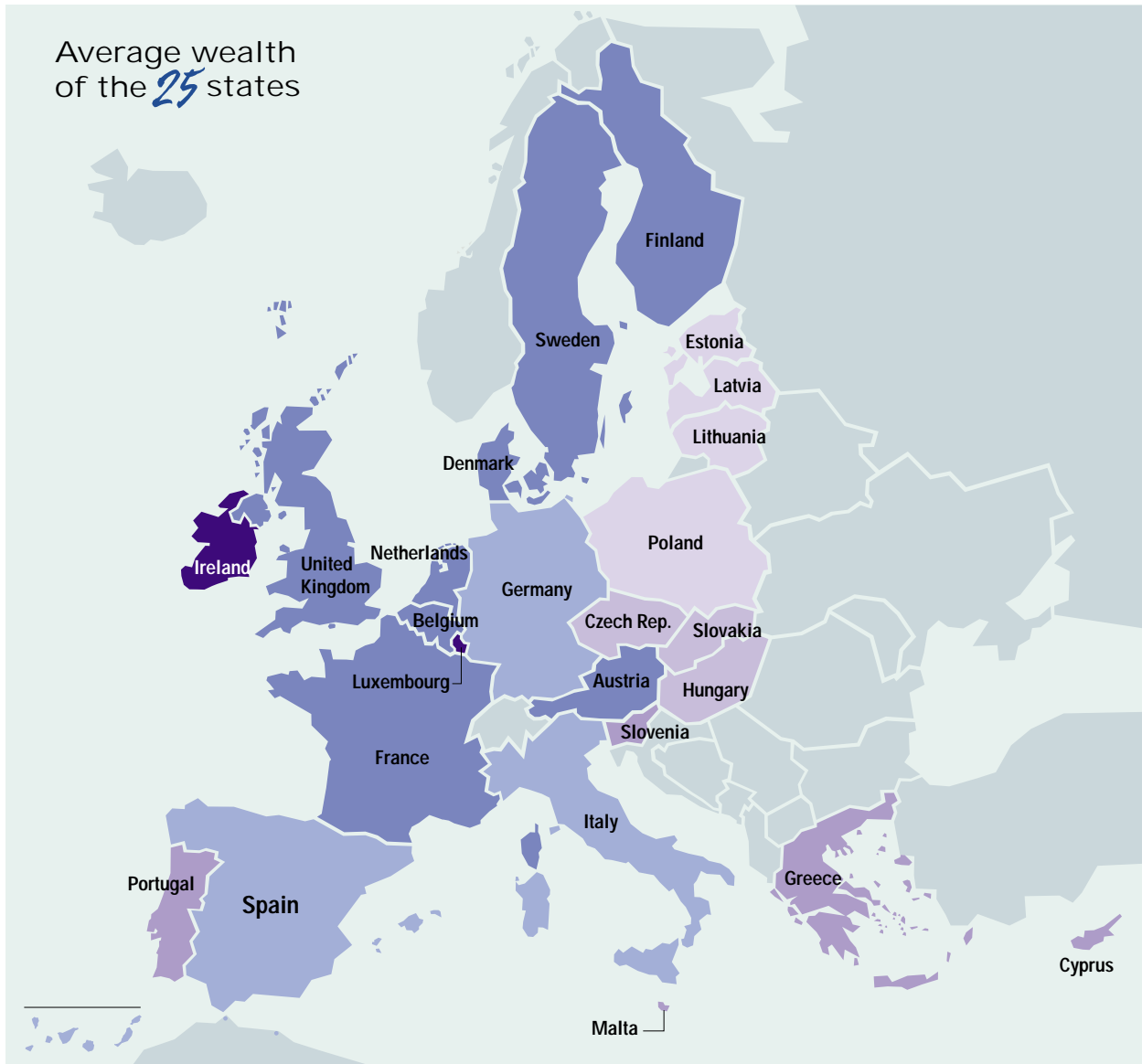


Economy



Average wealth of the **25** states



Group I
125% and over the European average
Luxembourg and Ireland

Group II
110 to 125% European average
Denmark, Austria, Netherlands, United Kingdom, Belgium, Sweden, France and Finland

Group III
90 to 110% European average
Germany, Italy and Spain

Group IV
75 to 90% European average
Malta, Cyprus, Greece, Slovenia and Portugal

Group V
50 to 75% European average
Czech Republic, Hungary and Slovakia

Group VI
Less than 50% European average
Estonia, Lithuania, Poland and Latvia

GDP per inhabitant*
2003

Luxembourg	213.3
Ireland	133.4
Denmark	123.8
Austria	121.4
Netherlands	120.5
United Kingdom	119.4
Belgium	116.8
Sweden	115.7
France	113.8
Finland	110.4
Germany	108.3
Italy	107.2
European Union	100.0
Spain	95.7
Cyprus	83.6
Greece	80.0
Slovenia	77.4
Portugal	74.9
Malta	74.6
Czech Republic	72.9
Hungary	60.9
Slovakia	51.3
Estonia	46.6
Poland	46.3
Lithuania	45.9
Latvia	42.5

* GDP in Purchasing Power Parities (PPP) divided by the total population (EU-25 = 100)

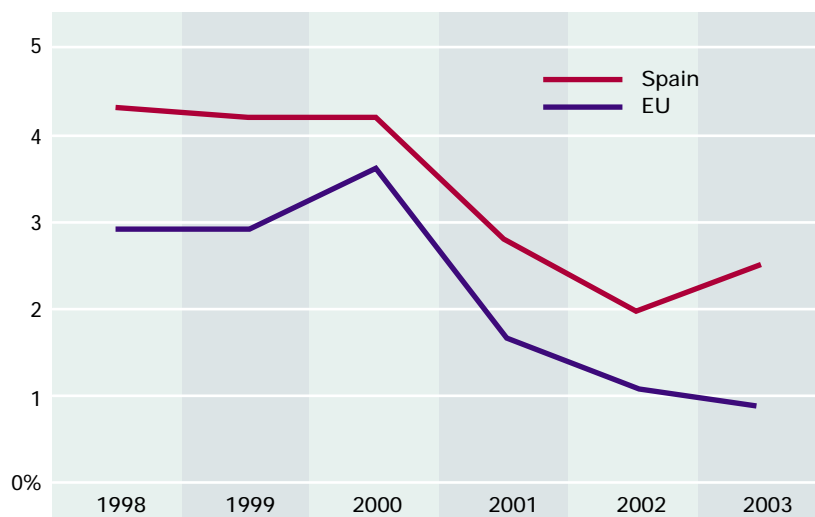
The fifth largest economy in the EU

Spain was the **fifth largest economy** in the EU in 2003 with a **Gross Domestic Product (GDP) of 743,046 million Euros** which represents **7.6% of the Union's GDP**. Germany (21.8% of GDP), United Kingdom (16.3%), France (16%) and Italy (13.3%) were ahead of our country.

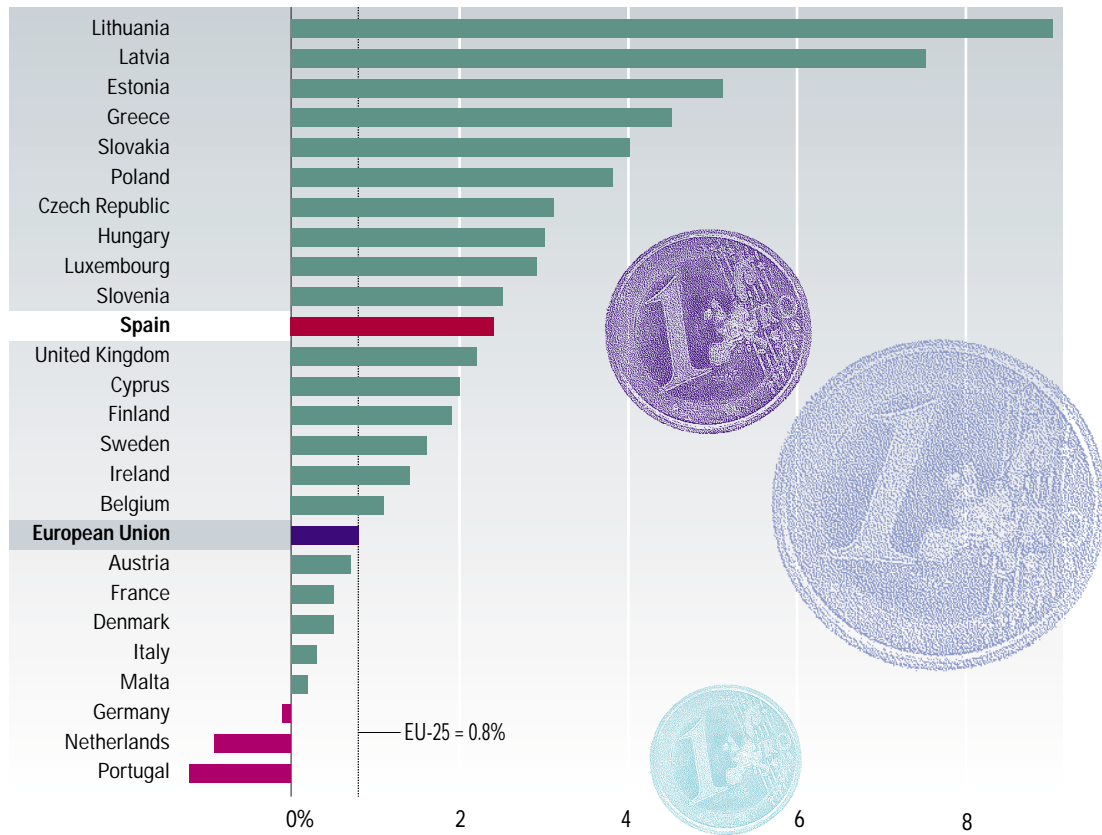
GDP per inhabitant in Spain was 95% of the EU average in 2003 which represents **thirteenth place** in the enlarged Union. It was only 79% in 1991.

Considering the former EU, average wealth in Spain was 87%. This difference of 8 percentage points is explained by the effect derived from the entry of new Member States in May 2004.

Growth of the economy
GDP interannual variation rate



GDP real growth rate. 2003



Growing for nine years above the average

The Spanish economy experienced an estimated **growth of 2.4%** in 2003, four decimals above the growth from the previous year. For the ninth consecutive year, Spanish growth exceeded **average European Union growth (0.8%)** thereby accelerating the process of **real convergence** of our economy with our community partners.



During 2003, the USA economy experienced growth of 3% and Japan 2.5%

Labour productivity per person employed

EU-15 = 100 2003

Luxembourg	133.8
Ireland	121.1
Belgium	119.8
France	115.1
Italy	104.8
United Kingdom	103.1
Finland	99.8
Denmark	99.0
Austria	98.4
Sweden	97.6
Netherlands	96.4
Spain	96.0
Germany	95.4
European Union	93.4
Greece	91.3
Malta	83.3
Cyprus	78.0
Slovenia	70.8
Portugal	64.2
Hungary	63.6
Czech Republic	62.0
Slovakia	54.7
Poland	50.1
Lithuania	44.9
Estonia	43.6
Latvia	40.5

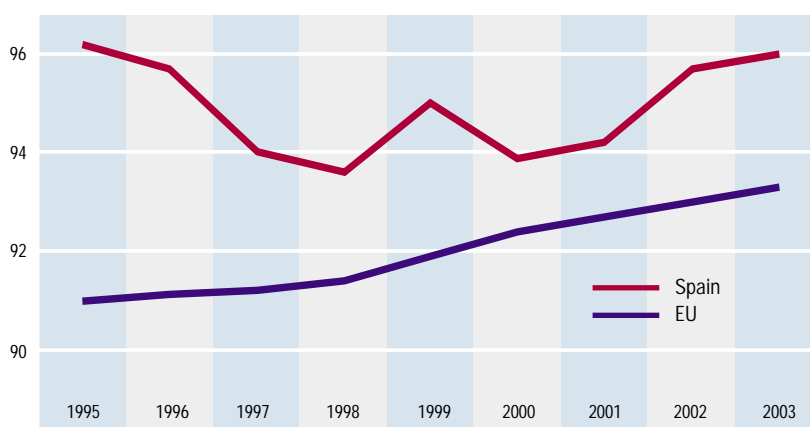
Productivity by employee...

The objective of this indicator is to reflect the efficiency of the economic system of a country as well as its competition with other economies. Like GDP, it is measured in purchasing power parities, per employee.

In Spain, **GDP in PPS per person employed** was **four points below the EU-15 average** in 2003.

The countries with highest productivity are Luxembourg (133.8), Ireland (121.1) and Belgium (119.8). At the other extreme are Latvia, Estonia and Lithuania whose productivity indices per employee are the lowest in the European Union with 40.5, 43.6 and 44.9 respectively.

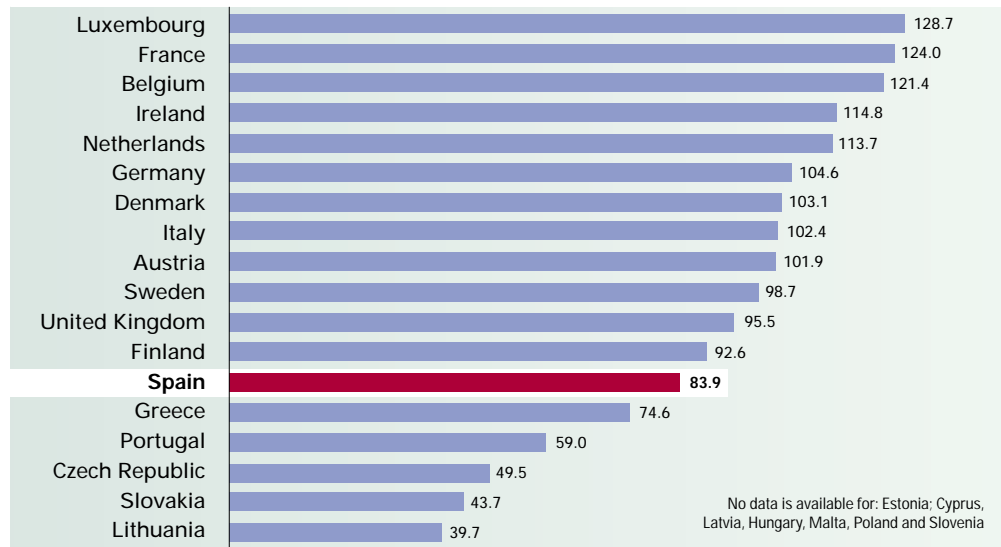
Evolution of labor productivity by employee



Labour productivity per hour worked. 2003

GDP in purchasing power parities

EU-15 = 100



... and by hour worked

In 2003, the productivity index per hour worked in Spain is **16 points below the EU-15 average**.

The countries with greatest productivity per hour worked are Luxembourg (128.7) and France (124.0). Of the states from the former EU-15, only Greece and Portugal are below Spain.



General government debt*

2003 % of GDP

Greece	109.9
Italy	106.2
Belgium	100.7
Malta	71.1
Cyprus	70.9
Austria	65.1
Germany	64.2
France	63.7
European Union	63.3
Portugal	60.3
Hungary	59.1
Netherlands	54.1
Sweden	52.0
Spain	50.7
Denmark	45.9
Finland	45.6
Poland	45.4
Slovakia	42.6
United Kingdom	39.8
Czech Republic	37.8
Ireland	32.1
Slovenia	29.5
Lithuania	21.6
Latvia	14.4
Luxembourg	5.4
Estonia	5.3

* Consolidated gross general government debt

Decreasing debt

In the last few years the evolution of public administration debt **has tended to decrease** until it reached **about 50% of GDP in Spain in 2003**. This represents some **12 percentage points less than the European Union average**.

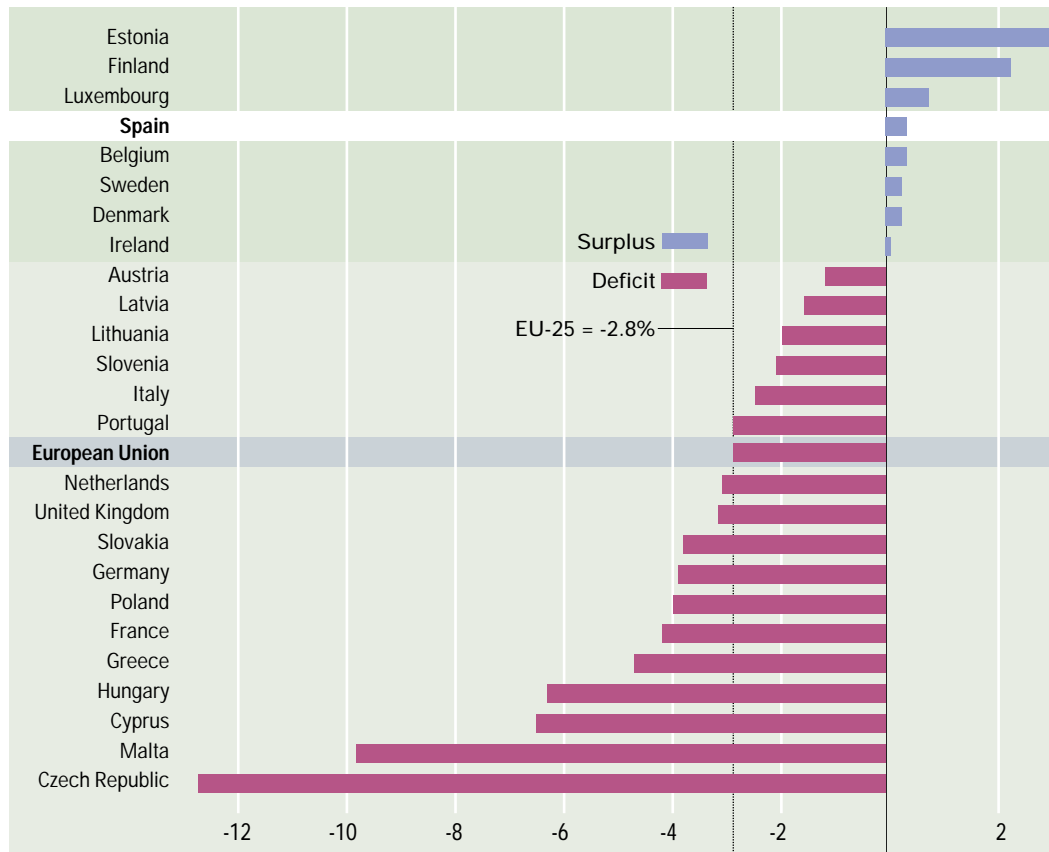
In the last few years a decreasing trend in the level of debt has been seen. In 1998 the percentage of debt in Spain was 65%.

Estonia (general government debt, 5.3% of GDP), Luxembourg (5.4%) and Latvia (14.4%) are the Union states which are less indebted. Conversely, Greece (109.9), Italy (106.2) and Belgium (100.7) present the highest levels of debt and all of them are higher than 100% of their GDP.



Balance of public budgets. 2003

Percentage of GDP



From deficit to surplus

The balance of the public administrations capital account in 2003 in the whole **European Union** showed a **deficit of 2.8% of GDP** compared with 2.3% corresponding to 2002.

Spain obtained a **surplus of 0.4%**, four decimals higher than the previous year; following the increasing trend of the last few years, in 1998 the deficit was 3%.

Estonia, Finland, Luxembourg, Belgium, Sweden, Denmark, Ireland and Spain made up the eight EU countries with a surplus in their public accounts. Conversely, the most significant public deficits were registered in the Czech Republic (12.6%) and Malta (9.7%).

Comparative price levels*

EU-15=100 2002

Denmark	130.7
Finland	122.7
Ireland	118.4
Sweden	117.3
United Kingdom	107.5
Germany	104.0
Netherlands	101.8
Austria	101.6
France	99.7
Luxembourg	99.7
Belgium	98.7
European Union	96.4
Italy	94.6
Cyprus	82.8
Spain	82.4
Greece	79.7
Portugal	73.5
Slovenia	72.6
Malta	71.9
Estonia	60.8
Poland	57.5
Hungary	54.8
Latvia	54.2
Czech Republic	53.1
Lithuania	51.3
Slovakia	43.5

Prices lower than the EU average

In agreement with the data on **Purchasing Power Parities (PPP) in 2002**, the level of prices in Spain was **14 points less than the EU average level**.

The countries with the highest comparative price indices in the European Union in 2002 were Denmark (130.7), Finland (122.7) and Ireland (118.4). Slovakia (43.5), Lithuania (51.3) and the Czech Republic (53.1) had the lowest comparative price indices.

The new Member States have prices levels which are less than Spain, with the exception of Cyprus.

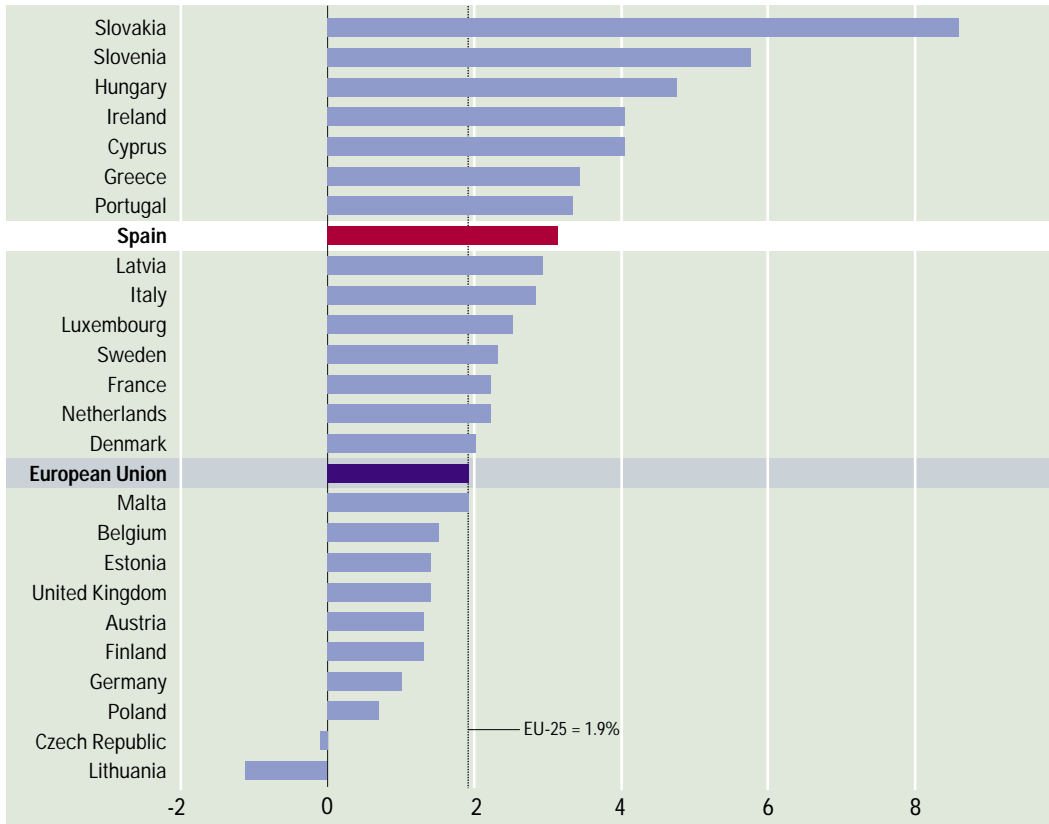


* Ratio between Purchasing Power Parities and market exchange rate for each country



Inflation rate. 2003

Percentage of annual variation of Harmonised Consumer Price Index (HCPI)



Inflation at 3%

The inflation rate in **Spain** has experienced an **average annual variation of 3.1%** whilst this was **1.9% in the EU**.

When comparing the evolution of the main components of the HCPI inflation was observed to behave better in Spain in some groups: communications (-2.6% for Spain, -0.5% for the EU), alcoholic drinks and tobacco (3.4% for Spain, 4.9% for the EU), health (2.1% in the case of Spain, 2.3% for the EU) and transport (2.1% and 2.5% respectively).

Business investment*

2003 % of GDP

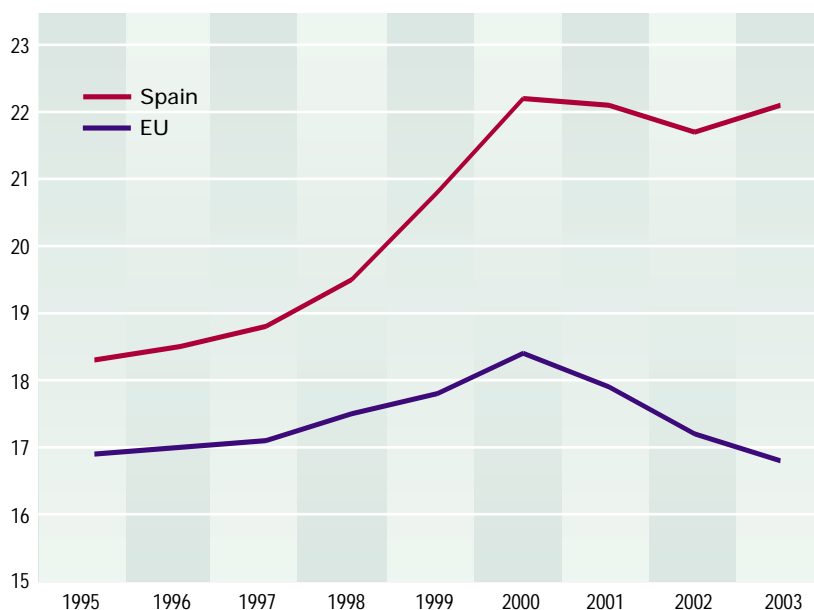
Estonia	25.0
Slovakia	23.2
Latvia	22.7
Czech Republic	22.4
Spain	22.1
Greece	21.8
Austria	21.4
Slovenia	21.1
Portugal	19.1
Ireland	18.6
Denmark	18.2
Belgium	17.9
Lithuania	17.8
European Union	16.8
Italy	16.5
Netherlands	16.5
Germany	16.3
Malta	16.3
France	15.9
Finland	15.3
Luxembourg	15.0
Poland	14.9
United Kingdom	14.6
Cyprus	14.1
Sweden	12.6
Hungary	:

More than 20% of GDP in private investment

The quotient between the gross formation of fixed capital and GDP has been maintained for one more year around **22.1%** which represents the **fifth highest value** among countries that make up the enlarged European Union. This is only exceeded by the Czech Republic (22.4% of GDP), Latvia (22.7%), Slovakia (23.2%) and Estonia (25%).

If we look at the former **European Union of 15 Member States, Spain occupied first place** with respect to private investment. The states with the lowest private investment in 2003 were Sweden (12.6% of GDP), Cyprus (14.1%) and the United Kingdom (14.6%).

Business investment

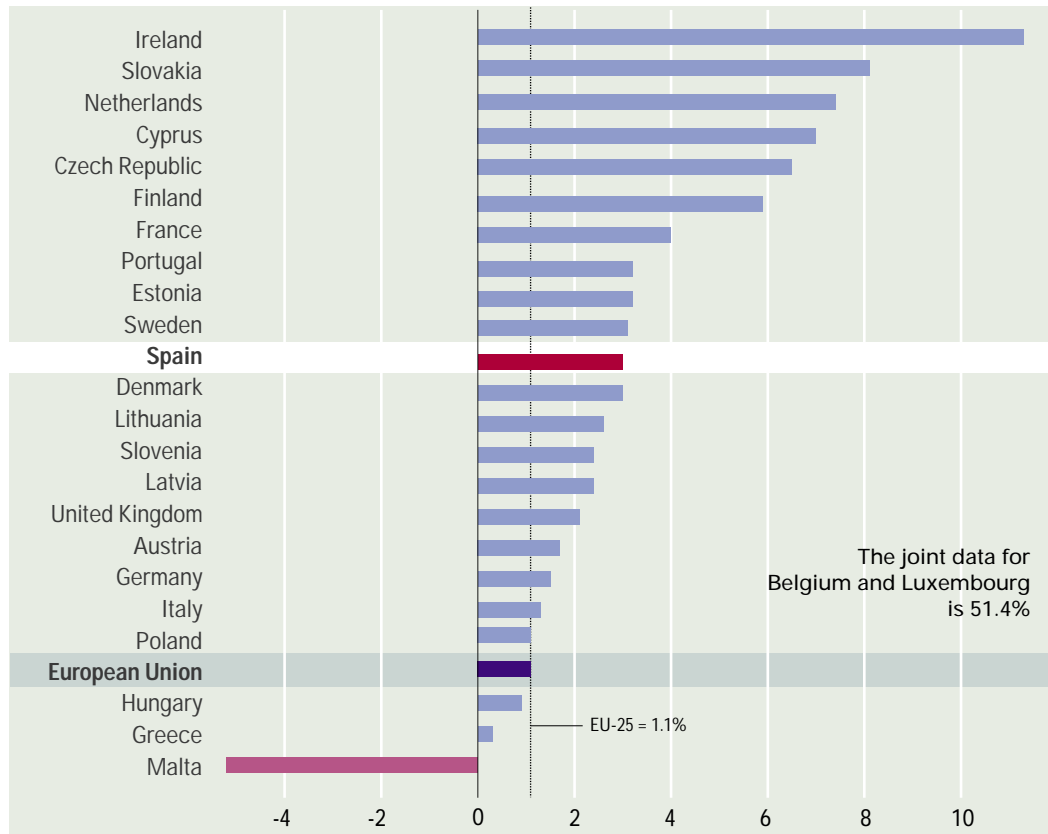


* Gross formation of fixed capital from the private sector

: Not available

Direct foreign investment. 2002

Percentage of GDP



The flow of **foreign direct investment** in terms of GDP has fallen in Spain, from 8.2% in 2000 to 3% in 2002.

Ireland, with 11.3% of GDP had the highest figure, followed by Slovakia (8.1%). Only Malta with -5.2% had negative values for this indicator.



Total R+D expenditure

2002 % of GDP

*Sweden	4.27
Finland	3.46
Germany	2.53
Denmark	2.52
France	2.26
Austria	2.19
*Belgium	2.17
*European Union	1.93
*Netherlands	1.89
United Kingdom	1.87
**Luxembourg	1.71
Slovenia	1.53
Czech Republic	1.22
*Ireland	1.15
*Italy	1.11
Spain	1.03
Hungary	1.02
*Portugal	0.85
Estonia	0.75
Lithuania	0.67
*Greece	0.64
Poland	0.59
Slovakia	0.58
Latvia	0.42
Cyprus	0.32
Malta	:

** 2000 Data
* 2001 Data
: Not available

1% of GDP was exceeded

Internal expenditure in Spain, on **Scientific Research and Technological Development** exceeded in 2002 the barrier of 1% for the first time and was **1.03% of GDP**.

Despite R+D expenditure growth of **10.7%** with respect to 2001, this is still well below the **EU-25 average** which is **1.93%**. States spending the most money on research are Sweden and Finland with 4.27% and 3.46% of their GDP respectively.

In Spain a total of **134,258 persons work on R+D** which represents **7.3 per thousand** active population. For their part, the group of **researchers** represents **4.5 per thousand** of active population.

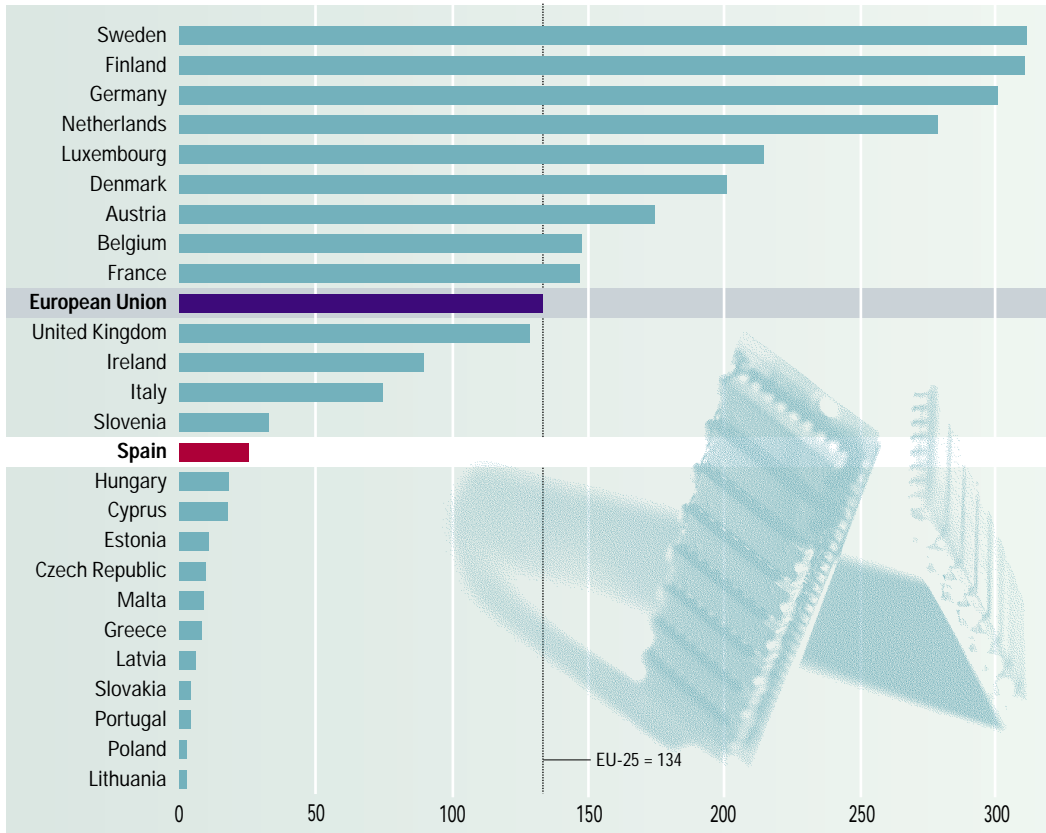
R+D activities are financed by the **private sector (49.6%)**, the **public administration (39.1%)**, **foreign capital (6.8%)** and **higher education (4.5%)**.

In 2002 foreign trade in high technology showed a negative balance for Spain of 9,671 millions of Euros



In 2002, USA spent 2.64% of GDP and Japan 3.12% of GDP on R+D

EPO Patents (European Patent Office). 2002
 Number of patents per million of inhabitants



The analysis of patents registered in the European Patent Office (EPO) shows that the number of **European Union** patents for every one million inhabitants was **134**.

Sweden is in first place with 132 patents registered for every one million inhabitants while this was **only 25 in Spain**.

With respect to the countries from the latest enlargement, Slovenia is notable for the best R+D expenditure indicators with 1.53% of GDP and 33 patents registered per one million inhabitants.

Companies with Internet access*

2003	%
EU-15	88.0
Austria	90.0
Belgium	92.0
Cyprus	88.0
Czech Republic	:
Denmark	98.0
Estonia	:
Finland	97.0
France	:
Germany	95.0
Greece	87.0
Hungary	:
Ireland	86.0
Italy	83.0
Latvia	60.0
Lithuania	68.5
Luxembourg	86.0
Malta	:
Netherlands	86.0
Poland	:
Portugal	71.0
Slovakia	:
Slovenia	:
Spain	84.0
Sweden	95.0
United Kingdom	81.0

In the implementation phase

84% of Spanish companies with ten or more employees had an **Internet connection** in 2003. This results places Spain four points below the average of the former EU-15.

Spain has made a lot of progress in just two years. In 2001, only 67% of companies had Internet access.

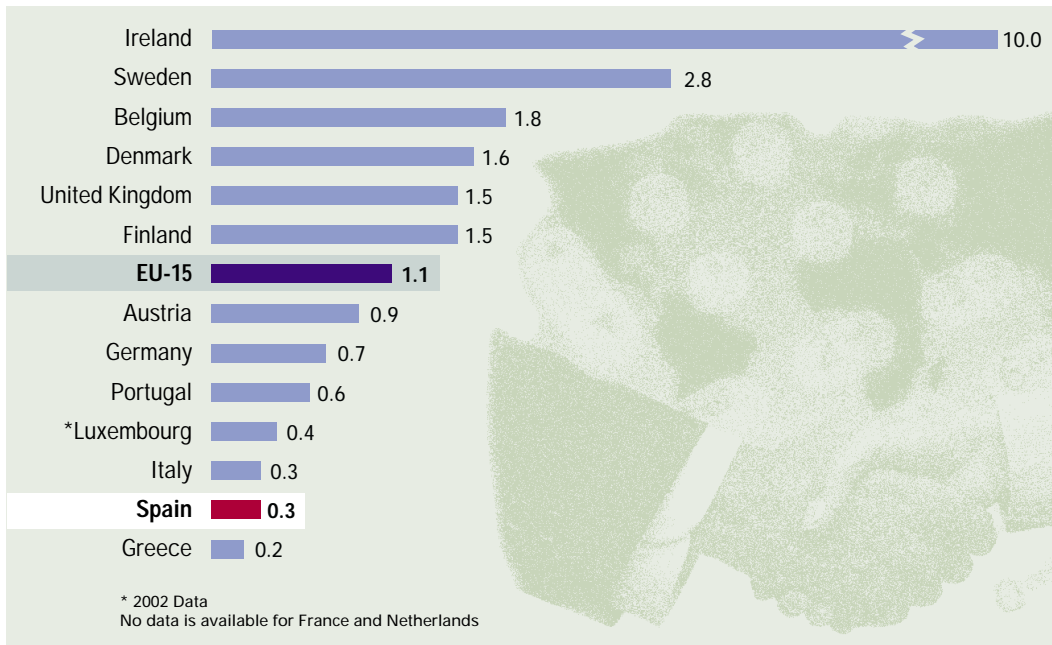
Countries with a higher percentage of companies with network access are Denmark and Finland with nearly 98%.

For their part, the **percentage of Spanish households with Internet access** was less than the European Union average. **25%** of our households connected to the network in 2003, far below the 64.2% of Danish households or 55.1% of United Kingdom households.

45.5% of Spanish companies with Internet connection have a web page



Percentage of e-commerce sales (EU-15). 2003



E-commerce by Internet

The volume of e-commerce sales by Spanish companies was **0.3% of their turnover**. This percentage coincides with Italy and is only higher than Greece by one decimal.

This figures contrasts with 10% of turnover via Internet in Ireland which is by far the highest value in the EU.

