

thebusinessyear



SPAIN 2021/22

ECONOMY & INVESTMENT | GREEN ECONOMY & ENERGY | FINANCE | INDUSTRY & AGRICULTURE | INNOVATION & ICT
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THE BUSINESS YEAR: SPAIN 2021/22

Research for our second edition on the Spanish economy started at a time when the Iberian nation had just finished a de-escalation process to return to long-awaited normality in the wake of COVID-19. We were delighted to count on the support of institutions such as Foro de Marcas Renombradas Españolas, ACCIÓ Trade & Investment, Cámara Oficial de Comercio, Industria y Servicios de Madrid, and more during the preparation of this publication.

In this edition, we shed light on macroeconomic realities, as well as the trends and challenges impacting players at a micro level. We cover key sectors for the recovery of the economy such as cybersecurity, data centers, finance and digital payments, insurance, tourism, au-

tomotive, pharmaceutical and medical devices, and transport and logistics, among others.

The European Next Generation funds have also been a recurring theme in our talks with personalities from all sectors. By reading these interviews, you will be able to better understand the potential impact, plus local concerns from businesspeople and political leaders.

Without a doubt, 2021 and 2022 are the years in which the Spanish economy is going to recover, and at The Business Year we aim to help you understand precisely the engines of this revival. The result of this project is the work of an enthusiastic team that has been based Madrid for a year, interviewing over a hundred key players from across the business and political landscape. ✖

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SPAIN
2021

the business year

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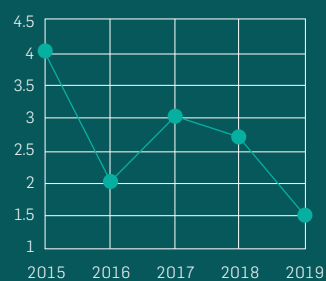
URSO
MADRID

AUTHENTICITY, DISTINCTION, ELEGANCE.

An aerial view of Madrid

DOMESTIC DEMAND (ANNUAL VARIATION IN %)

SOURCE: FOCUS ECONOMICS



UNEMPLOYMENT RATE (%)

SOURCE: FOCUS ECONOMICS

2015	22.1
2016	19.6
2017	17.2
2018	15.3
2019	14.1

Image: Jose Luis Carrascosa



Economy & Investment

SHOT IN THE ARM

The Spanish economy is expected to experience a major rebound in 4Q2021 and over 2022. After the number of international tourists plummeted to below 20 million last year, positive indicators have emerged in the manufacturing and service sectors since April this year. The national recovery plan consisting of direct fiscal support, liquidity measures, direct aid for monthly rent payments, and deferral programs were of great relevance for the recovery of the economic outlook. Since the earlier days of the COVID-19 pandemic, which led the country into a fiscal crisis, decreasing its GDP almost 11% according to the World Bank, Spain has been able to flourish and is projected to see biggest economic expansion in the EU in the coming years.

In this chapter, we interviewed a wide variety of public and private institutions that will play a key role in returning to pre-pandemic conditions, such as The Madrid Chamber of Commerce, Industry and Services, The Spanish Confederation of Business Organizations (CEOE), Leading Brands of Spain Forum (FMRE), and Invest In Spain (ICEX). Companies appear focused on internationalization and digitalization strategies, even more so now with the advent of the fight against a global pandemic, an unprecedented crisis that can only be tackled through global cooperation. As Xiana Mendez Margarida, the Sec-

retary of State for Trade, told TBY; “at the end of the day, the fight against a global pandemic can only be achieved through open markets and political cooperation at every level.” Companies are focused on the diversification and openness of the market, and being able to be competitive in the international arena is becoming a top priority. Following this line, NextGenerationEU funds have been and will be of major support to boost the recovery of European economies, and this package should help to forge a more sustainable, more digital, and more resilient bloc.

The unemployment protection measures (ERTE) determined by the Spanish government have also been essential for the consolidation of the labor market, giving social security contributions to the population. As Angel Asensio, the president of The Madrid Chamber of Commerce, Industry and Services, stated; “The ERTE for temporary layoffs is an important mechanism that has helped to ensure the survival of many private companies”. However, one major challenge that Spain faces is calls for an increase to the minimum wage, as well as adjustments to the pension systems and the labor market. In order to bridge this gap, collaborative measures between the public and private spheres are needed should the country hope to enhance its already valuable human capital. ✖

RESILIENT *growth*



Looking to exports as a key pillar of growth and employment, the Ministry of Industry, Trade and Tourism is working closely with all the parties involved to promote further internationalization of the Spanish economy.

BIO

Xiana Méndez Bértolo holds a degree in law and business administration and management from Comillas Pontifical University. In 2004, she became a civil servant of the Spanish administration as a member of the Corps of Trade Experts and Economists. She began her professional career in the antitrust service, Subdirector General for Mergers in the Ministry of Economy and Finance. Between 2013 and 2015, she held different positions in the Directorate General for Economic Policy of the Ministry of Economy and Competitiveness, specializing in the sectors of transport and infrastructure and official credit. From 2015-2018, she was the chief economic and commercial advisor to the Spanish Economic and Commercial Office in Ecuador. She is currently Secretary of State for Trade at the Ministry of Industry, Trade and Tourism and President of Ices, España Exportación e Inversiones.

Xiana Méndez Bértolo
SECRETARY OF STATE
FOR TRADE & PRESIDENT,
ICEX ESPAÑA EXPORTACIÓN
E INVERSIONES

During Spain Investors Day, you mentioned internationalization will form part of the solution to the current situation. What plans have you put in place in order to continue supporting the internationalization of Spanish companies?

The Spanish government places internationalization as a priority in its political agenda. In order to this, our plans form part of a 10-year strategy called Strategy for Internationalization of the Spanish Economy 2017-2027, a battery of measures for all organizations and departments with actions in promoting internationalization to work in a coordinated and efficient manner, taking advantage of potential synergies and involving the private sector in the execution of the plan. The best thing for the private sector is to have a stable framework and commitment as a country, since it is a strategy undertaken with public-private cooperation. This strategy must be updated every two years in consultation with different administrations and the private sector. For example, the last period was a scenario marked by Brexit uncertainty and commercial tensions, whereas the current period is marked by COVID-19. As an exception, in 2020 we were forced to launch an additional action plan to support the external sector because there was a significant decline in international commerce, exports, and investments. Therefore, we had to move everything over to virtual formats and make the best use of our economic and sales offices. In addition, we also strengthened our financial tools and international policies. We are currently preparing our Action Plan for the Internationalization of the Spanish Economy 2021-2022. Now, the international market forms a large part of the growth strategy of a company, even small businesses. That is extremely important, because it means a culture related to international markets is being consolidated. This strategy involves making the foreign sector a pillar of growth and employment, through the diversification of exports and

the establishment of our companies in strategic sectors and destinations, paying attention to the opportunities that may arise from the crisis.

Which factors boosted Spanish export sector growth over 2020?

In the current context of global trade, Spanish companies maintain a solid position within global value chains. For this reason, as soon as the foreign markets activity began to reactivate, the export activity of our companies began gradually their recovery. These solid expectations are also reinforced by the evolution of our target markets. In December 2020, Spain's exports increased by 0.9% YoY in nominal terms to EUR22.76 billion, more than in December 2019. The export sector has already fully recovered its pre-pandemic level of activity. These data confirm that our export sector has proven to be resilient and extremely competitive in a year marked by an unprecedented health crisis that impacted directly on trade flows.

EUR524 million of European funds will be assigned to SME commercial projects. How will these budgets be distributed in terms of internationalization?

We have a significant budget for internationalization through various financial instruments such as CESCE portfolio and COFIDES funds. Apart from that, new programs will be included aimed at reinforcing the policies and tools that we already have with ICEX and, above all, attracting productive foreign investment, especially in innovative sectors. Namely, we want to reinforce foreign companies' participation in our country and professional greenfield projects with capital. This process is what we call opening market funds. These are non-refundable funds for feasibility studies and strategic planning so that Spanish companies and other companies from overseas have the opportunity to participate. ✖

investment INFLOWS

ICEX continues to assist companies to set up in Spain, while adapting its strategy accordingly to global challenges and looking at new markets.

Elisa García Grande
EXECUTIVE DIRECTOR,
INVEST IN SPAIN (ICEX)



How has ICEX progressed over the last year and half?

Over the last year, we have continued to help foreign companies to establish their businesses in Spain with an extensive range of services; however, we have adapted our strategy to the new challenges that we were facing, increasing our focus on the investment retention strategy and strengthening our aftercare policy with investors. We proceeded to support those actions with a policy advocacy approach in cooperation with other areas of the public administration to overcome uncertainty. We worked shoulder to shoulder with the Secretary of State for Trade's economic and trade offices abroad to have a clear understanding of the challenges that firms were facing in Spain in order to successfully assist them. Moreover, we sustained our support of greenfield projects that will foster economic growth and sustainable and inclusive employment in Spain while facilitating its integration with the local industry. Furthermore, we continue to attract talent with our Rising Up program addressed at start-ups in third countries interested in developing their businesses in Spain. We progressed to helping our start-ups to get foreign financing through open innovation activities, and we launched a new call of our Smart Technological Fund, crucial in supporting R&D projects.

FDI from Latin America has increased by more than 200% over the last decade. What are the most important markets to attract investment to Spain?

Traditionally, Latin America was seen as a prominent recipient of investment, but more recently the region has become an important source of foreign investment in the world. In Spain, Latin America is the fourth-largest investor after the US, the

UK, and France. There are big companies in Latin America that are becoming increasingly important and competitive and are looking for new business opportunities overseas and consider Spain as a platform to enter into other markets such as Europe and Africa. Spain's geostrategic situation, cultural proximity, legal framework, infrastructures, talent, and quality of life make our country especially appealing to Latin American companies. The footprint of Latin America in ICEX's Action Plan is important: we organize business fora, we assist Spanish companies to develop their internationalization strategy there, and we promote among our firms business opportunities in the region. Moreover, concerning Invest in Spain, Latin America is a key element of our strategy of investment attraction that we organize around our Latam Desk. In Invest in Spain we have a specific focal point of information for and from Latin America that every year publishes the Global Latam study analyzing the trends in Latin American investment outflows. Our Rising up program, designed to attract talent into Spain, is popular among the region's entrepreneurs too: in the last call, among the 15 winner companies, six were from Argentina and Brazil.

What would be the main highlights of the Guide to Business Spain 2020?

The guide is a unique document available both in Spanish and English that gathers all the legal information useful to develop a business in Spain. It summarizes the main regulatory aspects governing investment in Spain, including the most important aspects of setting up and growing a company here. In 2021, we included the major regulatory changes that took place because of COVID-19. Among others, we covered all the financial support granted to companies

and entrepreneurs. We incorporated some new issues related to intellectual property protection and an update of the 2030 tourism strategy developed by the ministry of Industry, Trade and Tourism. The upgrade in tax incentives for international shoots was also included.

What sectors performed the best during the pandemic?

All the sectors in Invest in Spain project's portfolio have remained active, though the most dynamic have been life sciences, agrifood, logistics and transport, and ICT. In all those four sectors, activity has been thriving and investors have shown a great interest. In the start-up ecosystem, projects have not been affected dramatically though investors have diversified their risks and invested in more companies, though in smaller amounts. ✖

BIO

Elisa García Grande is the Executive Director of Invest in Spain. She has belonged to the Superior Corps of Commercial Technicians and State Economists since 1992. She has developed her entire career in the field of international economic relations. Between 2005 and 2010 she was chief advisor in the Economic and Commercial Office of the Embassy of Spain in South Africa, from where she also led bilateral economic relations with Mozambique and Zimbabwe, among other countries. In 2013 she was named the general director of ICEX, where she remained until she was posted to Washington D.C. to fill the position of chief counselor of the Economic and Commercial Office from the Embassy of Spain.

TBY ANALYTICS SPAIN 2021

159 interviews were conducted for *The Business Year: Spain 2021* Analytics.

BUSINESS CONFIDENCE INDEX

How confident are you about the outlook for business in Spain this year (1-5)?

3.5

 AVERAGE
RATING

SECTORS TO WATCH


 GREEN ECONOMY
& ENERGY

4


FINANCE

3.5

 INDUSTRY &
AGRICULTURE

3

 INNOVATION
& ICT

5

 TRANSPORT
& LOGISTICS

4

 CONSTRUCTION
& REAL ESTATE

4


HEALTH

3


EDUCATION

3


TOURISM

2

ADVANTAGES & CHALLENGES

What are the most commonly mentioned advantages and challenges of doing business in Spain?

ADVANTAGES

- Strong ministerial support for business
- Potential benefits of EU-Mercosur trade deal
- Links with nations in Central and South America
- Boost to digitalization due to COVID-19
- Strong IT infrastructure
- NextGenerationEU funds

CHALLENGES

- COVID-19-related impact on sectors such as tourism
- Low productivity
- High unemployment
- Misaligned education sector

helping HAND

CEOE has been representing and defending the interests of Spanish businesses since 1977 in good times and bad.



Image: David Nudarra

Íñigo Fernández de Mesa
VICE PRESIDENT OF THE SPANISH
CONFEDERATION OF BUSINESS
ORGANIZATIONS (CEOE),
PRESIDENT OF IEE, &
FORMER SECRETARY OF STATE

What is the main mission of the CEOE and how do you carry it out?

The CEOE represents the Spanish business world. It brings together more than 4,000 business associations and represents some 40 million entrepreneurs. I would say that CEOE is the social agent that is recognized for the negotiation of collective bargain agreements. CEOE also presents opinions before the governments in the decision-making processes that affect private companies.

CEOE has announced that it will choose around 15 projects to use the EU funds. What must these projects have to be selected by CEOE and approved by Brussels?

The number of projects will range between 10 and 18. These projects must have an effect across the economy. It has to impact most of the regions and have to be projects that meet the criteria of the European Commission. The government has to present a draft by October but the legislation that will govern the recovery fund won't be approved until January 2021. The advantage of having the draft prepared is that the European Commission will already have reviewed it before the funds' approval. EU countries have requested an advance payment equivalent to 10% of the funds that would be allocated, and the expectation is to allocate EUR20 billion in recovery. CEOE believes these funds will help reactivate the Spanish economy. The focus of these funds will be investments that will spur efficiency across the public administration. For example, this could help digitalize the public administration and reduce public spending. These investments can be also focused on human capital and PPPs. In that area, CEOE has worked with PwC to develop 15 projects that can benefit the Spanish economy as a whole. These projects have to support SMEs, boost digitalization and ecological transition, and modernize the entire Spanish economy. These include initiatives such as the digitalization of SMEs, which can boost exports, for example. Another project is about the development of an infrastructure for electric vehicles across Spain.

What has been the impact of the ERTE temporary layoff mechanism?

The government said ERTE would cost around EUR5 billion a month, which we believe is not true. The real cost is about EUR1 billion, but for the government the ERTE temporary layoff mechanism is cheaper than ERE, which is the traditional layoff regulation in Spain. In an ERTE, the important part of social security is paid by the employer, while in an ERE it would be paid by the state in its entirety. We are developing a mechanism to avoid corporate bankruptcies that will happen anyway. The ERTE system has been helpful in avoiding bankruptcies, but it should not be renegotiated every two or three months, as it has been the case.

Is CEOE having different discussions on ERTes and assistance to the tourism sector?

These are different topics but are part of the same strategy. Every European country has had a strategy based on three pillars: providing liquidity, which in Spain has been achieved through the ICO credit loans; ERTE mechanism; and everything related to tax moratoriums or payment delays. Spain normally spends all the funds it generates in buoyant times, so the consequence is that the country does not have enough resources to support the private sector during crises. As a result, other European countries have been able to provide more assistance to their respective private sectors. This is a lesson that we must learn: we should save funds that will later help us cope with recessions.

How will Spain's GDP be impacted in 2020?

We developed two scenarios in a report with Deloitte. We expect the GDP to fall by 11% in the best-case scenario and 15% in the worst-case scenario. It depends if another state of emergency is declared, so we expect that any new outbreaks do not lead to new lockdown periods. The public deficit, as a result, will be in the two-digit area. ✖

BIO

Íñigo Fernández de Mesa is Chairman of the Board of Rothschild & Co Spain, Vice President of CEOE, President of the CEOE Economic Commission, President of the IEE, member of the Altamar International Advisory Council, and advisor to ScottishPower. He studied economics at Complutense University and belongs to the State Commercial Technicians and Economists. In the institutional sector, he has held the position of secretary general of the Treasury and Financial Policy, and he was appointed Secretary of State for the Economy in 2014. In addition, he has been a director of the Bank of Spain and the National Securities Market Commission (CNMV), vice president of FROB, president of Sepblac, and executive director for Spain, Mexico, Venezuela, and Central America of the World Bank, among other institutional positions.

FOCUS

Recovery plan

A DIFFERENT NORMAL

With 3.73 million cases and 80,500 deaths, Spain ranks as the 10th nation most impacted by COVID-19. And in revitalizing the economy, its prime minister welcomes the opportunity to retool for tomorrow.

THE POTENTIAL FOR THE SPANISH ECONOMY to emerge stronger from the pandemic is real and contingent upon strategic high-tech investments with green credentials. Indeed, the IMF in April revised its 2021 GDP forecast for Spain to a 6.4% climb, one of the steepest rises among developed economies. This puts Spain ahead of France (5%), Italy (4.2%) and Germany (3%), with further growth of 4.7% projected for 2022. Such expectations have honed the government's choice of mechanisms to best position the economy in the new global landscape.

In a TBY interview, Iñigo Fernández de Mesa, the Vice President of CEOE, President of IEE, and former Secretary of State noted an inherent flaw in political thinking that should now be rectified. "Spain," he suggests, "normally spends all the money it generates in buoyant times, [whereby] the country does not have enough resources to support the private sector during crises. As a result, other European countries have been able to provide more assistance to their respective private sectors. This is a lesson that we must learn [in order to] save funds that will later help us cope with recessions."

According to Prime Minister Pedro Sanchez, Spain's USD84-billion economic recovery plan is all about a different approach to growth—an opportunity for a reset, yes, but of a sustainable strain. The three-year plan rests on, among other considerations, a green transition that champions clean vehicles and renewable energy, while reaping the efficiencies of digitalization. By the numbers, over the coming three years, the government aims to distribute 39% of received funds to ecological transition, 29% to digitalization, 10.5% to education, and 7% to investigation and development. The PM sees the potential to generate 800,000 jobs over those three years. It helps, too, that Spain, having suffered heavily from the pandemic, is eligible for a historic high EUR140 billion in EU recovery funds.

CORPORATE LIFELINE

One palliative eagerly swallowed by numerous governments around the world has been the furlough system designed to stem job hemorrhaging in key sectors. Spain's ERTE furlough facility has been extended to September 30 to better support the roughly 600,000 workers reliant upon it. The price tag? EUR3.4 billion in public funds. Yet, according to de Mesa, this makes sound economic sense because while, "the real cost [of ERTE] is about EUR1 billion, [...] for the government the ERTE temporary layoff mechanism is cheaper than the ERE, which is the traditional layoff regulation in Spain." He qualifies that claim by saying that "[while] ERTE has been helpful in avoiding

bankruptcies [...] it should not be renegotiated every two or three months, as it has been the case."

Meanwhile, many Spanish firms have also opted to lending their way out of the morass. Angel Asensio, President of the Madrid Chamber of Commerce, Industry, and Services, maintains that "it is crucial to extend the loan period for some of the government-sponsored loans [whereby] loans that have to be repaid within five years should be extended by two years."

DIVERSIFICATION ALLEY

Overall, Spain is set to invest 68% of its slice of the EU's post-pandemic recovery pie in transitioning toward an ecological and digital paradigm to the tune of EUR70 billion. And with the economic staple of tourism battered by the pandemic, a more-diversified economy is a no-brainer. One such ambition foresees Spain growing into Europe's preeminent multimedia hub. The theme continues with the government's goal of also becoming the continent's hydrogen hub. This is examined elsewhere in the book, with green hydrogen technology being among the government's key investments and hydrogen set to become the primary land transport fuel by 2050.

TAKING IT ABROAD

Casting a wider net is also among Spain's commercial objectives, as outlined by Xiana Margarida Méndez Bértolo, the Secretary of State for Trade and President of ICEX España Exportación e Inversiones. She told TBY that with internationalization being a key tenet of the economic strategy, "our plans form part of a 10-year strategy called Strategy for Internationalization of the Spanish Economy 2017-2027 [involving] a battery of measures for all organizations and departments with actions in promoting internationalization to work in a co-ordinated and efficient manner, taking advantage of potential synergies and involving the private sector in the execution of the plan."

The good news here is that the "export sector has already fully recovered to its pre-pandemic level of activity." The initiative, however, depends on getting the dynamic right at home first. To this end, Spain is pursuing the Domestic Trade Plan 2021- 2023 predicated upon the key areas of digitalization, social and environmental sustainability, governance and competitiveness, capacity building, training and information, and recovering consumer confidence and awareness. Having suffered heavily in the COVID 19-era, Spain is determined to create a new, greener, and less fair-weather economy. ✕



Ignacio Osborne
PRESIDENT,
LEADING BRANDS
OF SPAIN FORUM

STRONGER *together*

The Leading Brands of Spain Forum works hand in hand with the government to develop the best environment for companies to increase their competitiveness and gain international market share.

BIO

Ignacio Osborne is President of the Osborne Group and the Leading Brands of Spain Forum. He is a senior engineer from ICAI and completed the Senior Management Program (AD-1) from the San Telmo International Institute. He is the former president and member of the Instituto de la Empresa Familiar and has been an advisor of Savencia since 2009. He is president of the Spanish Federation of Spirits (FEBE), the Andalusian Regional Council of BBVA, as well as of the University-Society Cooperation Council of the Loyola University Foundation and the Board of Trustees of the Comillas University-ICAI Foundation.

The Leading Brands of Spain Forum was founded in 1999 with only 17 companies, but today it has more than 100 members. What can you tell us about the forum's evolution and achievements over the years?

The private association's fundamental objective is to improve the competitiveness of Spanish companies by strengthening their brand image, which constitutes a fundamental added value. Our main goal is to develop strong and competitive brands, not only in Spain, but around the world. Then, there is the public-private board, which we have established with the current administration, in collaboration with the Ministry of Industry, Commerce, and Tourism and the Ministry of Foreign Affairs, including entities attached to those ministries such as ICEX, the Spanish Patent and Trademark Office, the Spanish Chamber of Commerce, and Turespaña. If Spain's reputation is based on the reputation of its largest brands, then smaller Spanish brands can also benefit from it. This has been the core of our mission for over 20 years.

How did the idea for the "Spain for Sure" campaign come about, and what are its main objectives?

The idea came from the Secretary of State of Global Spain, specifically from Manuel Muñiz, on the occasion of the eighth promotion of Honorary Ambassadors of Spain Brand. To further promote this initiative, a virtual meeting was organized with some of our Spain Brand ambassador from different fields such as sports (Pau Gasol, Rafael Nadal, and Fernando Alonso), science (Valentín Fuster, María Blasco, and Pedro L. Alonso), culture (Antonio Banderas, Edurne Pasabán, and Isabel Coixet), and the King and the Queen of Spain. This meeting was organized during the hardest times of the lockdown to analyze the effect of the crisis in the international reputation of Spain. "Spain for Sure" has two meanings. On the one hand, you have the term "sure," which is related to the concept of safety. On the other hand, there is the phrase "for sure," which reinforces the message that Spain is a safe country and open for tourism. We must send a message that we will do everything in our power to

"Our board of trustees constitutes an example of public-private collaboration and a wonderful relationship with all ministries."

guarantee safety and ensure that tourists have a good time in Spain.

What is the strategy of the Leading Brands of Spain Forum in terms of strengthening public-private collaboration?

It is easy for us because we have been doing it for 20 years. Our board of trustees constitutes an example of public-private collaboration and a wonderful relationship with all ministries. As the government representatives in the board used to say, "It is nice to come to a place where the private sector gives more than it asks for." This is one of the principles of the forum. Criticizing politicians for no reason is Spain's national sport, and we are brilliant at it. But you have to do a professional job backed with data from all sectors, regions, customers, and markets. Backed by data, you must explain to the government the best environment for companies to increase their competitiveness and gain international market share, which in turn will benefit Spain.

What are the main priorities of the Forum for the rest of the year?

The priority of the forum is to strengthen the functions it has always had. We have many important companies in the forum, and SMES can lean on them to export their products and on the forum to establish relations with other companies. Such collaborations will enable us to enhance the competitiveness of Spanish companies in the coming years and improve the image of Spain abroad. The economic conditions in the next few years will not be optimal because it will take some time for purchasing power and consumption to recover. Furthermore, the tourism sector, which is an important source of income for Spain, will not recover quickly either. Due to these reasons, the internationalization of Spanish companies is essential for the country, and in order to achieve this, we must continue to support each other. ✖



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better TOGETHER

Founded in 1887, the Madrid Chamber of Commerce represents, promotes, and defends the general interests of economic agents in the region.

Ángel Asensio
PRESIDENT,
THE MADRID CHAMBER OF COMMERCE,
INDUSTRY, AND SERVICES



Can you tell us about the chamber's mission and vision, and its evolution in recent years?

The chamber has more than 130 years of history and internationalization has been an essential part of our work. Since the beginning, our main goal has been to help all the companies that are based in the Autonomous Community of Madrid become more competitive and adaptive. To that end, the chamber provides essential services such as training, internationalization, and digitalization. On top of this, we have a national arbitration court. In addition, the chamber provides support for the certification process of different licenses and a lab that can support a number of our member's operations. We are a privately funded organization, and one of our main targets is to promote public-private collaboration and help both sectors move toward the same destination. We strive to ensure the government's assistance is received by private companies and produces the intended results. During this entire process, the chamber oversees the implementation of public-sponsored initiatives by private firms.

What is the chamber's assessment regarding the impact of COVID-19 on the socio-economic environment and what specific actions has it taken to support its members?

The situation is improving, though we do not expect many companies to survive in the short term. Therefore, it is crucial to extend the loan period for some of the government-sponsored loans. Loans that have to be repaid within five years should be extended by two years. This is one fundamental step that can be taken to help companies. Another important factor is the capacity of companies to adapt to different economic cycles. The

ERTE for temporary layoffs is an important mechanism that has helped to ensure the survival of many private companies. As for the chamber, we have provided consultancy services amid the pandemic in an attempt to explain to SMEs the main characteristics of the ERTes. We have reinvented ourselves as well. We have organized virtual meetings to promote services that Madrid-based companies can offer to international clients whilst maintaining some of our international missions. Besides, we have managed to continue offering an outstanding service despite the shift to remote work. The arbitration court has continued to operate despite the health emergency. Our lab has been affected the most because many companies implemented remote work policies and did not send their employees. We continue to host events to help our members. Some of the events were scheduled to be in-person, but we turned them into virtual events.

How is the chamber working to advise companies about ICO credit loans?

We are working directly with ICO, a government office, in order to clear any doubts companies may have that cannot access ICO credit loans. In addition to resolving some of their concerns, we support them by getting all the necessary documentation in order. The pandemic has dealt a huge liquidity blow, and in such a scenario the ICOs are essential to ensure businesses can cope with the crisis. We are providing advisory services and resolving any concern in an attempt to guarantee that each business will receive an ICO loan.

How does the chamber help companies find the best available talent?

We believe in training as a method to make companies more competitive. This includes training for individuals who have yet to join a company as well as for executives who require a better knowledge in some areas. The post-COVID world will be more efficient via digital tools. In order to make the most out of those tools, it is necessary that businesses hire the best talent in the market. Since younger individuals already possess a variety of digital skills, we introduced the Talentoteca program to help students enter the job market through internships. Nearly 85% of the people who start internships under the Fundación Universidad-Empresa program go on to work for their companies. Every company can be a part of our training programs, including those who are not part of our chamber. ✖

BIO

Ángel Asensio has presided over the Association of Clothing and Fashion Companies of the Community of Madrid (ASECOM) since 1996 and the Spanish Federation of Clothing Companies (FEDECÓN) since 2007. From 2008-2012, he was president of the Spanish Intertextile Council (CIE). He was a member of the plenary of the Madrid Chamber of Commerce, Industry, and Services and was appointed President in 2018. Since 2007, he has been a member of the board of the Spanish Confederation of Business Organizations (CEOE). Two years ago, he was elected President of the Confederation of Fashion Companies (ModaEspaña).

PLACE *to do business*



The characteristics that make Catalonia one of Europe's most attractive locations for multinationals continue to help it attract foreign investment in different sectors despite the global slowdown.

Joan Romero
CEO,
ACCIÓ

What have been the main areas of focus and key developments for ACCIÓ in the last year?

Our main priority in mid-2020 was to serve both the Catalan business community and foreign multinationals located in Catalonia to mitigate the impact of COVID-19 as much as possible via the implementation of new services, aids, and programs out of Barcelona and through our worldwide network of 40 foreign trade and investment offices. For example, from the outset, in March 2020, we launched a specific, proactive aftercare service and contacted more than 320 foreign companies located in Catalonia to advise them on areas such as supply problems, logistics, or worker mobility. Furthermore, we intensified our contacts with the parent companies of foreign subsidiaries to understand their new needs and the solutions Catalonia could offer.

In 2019, ACCIÓ attracted EUR365.2 million in foreign investment, 13% more than in 2018. How do you expect investment into Catalonia to be affected by COVID-19?

In recent years, foreign investment attraction by ACCIÓ has been increasing. Taking a longer view, in the last five years ACCIÓ has attracted 34% more foreign investment volume and 83% more new jobs have been created thanks to investment projects of multinationals in Catalonia. The point here is that the trend is on the rise: Catalonia is consolidating itself with each passing year as one of southern Europe's most dynamic environments in business terms, with recent examples of new investments or expansions of companies such as Bandai Namco, HP, Boehringer Ingelheim, King, Henkel, Nestlé, Adevinta, ABB and Bayer. In 2020, the number of foreign subsidiaries in Catalonia has grown by 60% since 2013, reaching 8,900. We are sure that in the midterm this will not change due to COVID-19. We do not foresee a significant number of projects being cancelled or discarded. In any case, the characteristics that make Catalonia one of Europe's most attractive locations for multinationals have not changed: a large concentration of foreign companies and startups in a territory with a

strong industrial tradition and a powerful technological ecosystem based on scientific centers and world-leading universities. In fact, we are working with a portfolio of more than 350 open investment projects from companies around the world. And 60% of the leads and projects that are being managed by ACCIÓ are greenfield, a sign that Catalonia continues to attract new investment projects.

In Catalonia, industrial companies represent the largest proportion of FDI, followed by TIC and digital transformation companies. What other sectors do you see potential in for Catalonia in the midterm?

Without a doubt, industrial and technological investments in general are the main priority when it comes to attracting foreign investment. From a sectoral point of view, it is true that Catalonia's assets have made it possible to position ourselves in some fundamental areas, strategically, socially and economically speaking. Thus, health, food, technology (IT & digital transformation) and the automotive industry of the future are the sectorial pillars in which Catalonia plays—and will continue to play—a fundamental role within Europe. Furthermore, we actively work to attract new projects in the chemical sector, e-commerce, logistics and video games, just to mention the main fields.

Has your strategy to focus on digitalization and new ways to innovate, both locally and worldwide changed due to the pandemic?

If the role of digitization and technological transformation was already fundamental in early 2020, in a COVID-19 context it has become even more so. That's why, for example, we have doubled the aid to Catalan companies to incorporate technologies such as 3D printing, AI, collaborative robotics, big data, or 5G. This support is combined with the consolidation of the Catalonia Exponential program and the promotion of international innovation by Catalan companies through agreements with leading international entities, such as the National Research Council of Science and Technology (NST), the main R&D entity in South Korea. ✖

BIO

Joan Romero holds a degree in economics from the University of Barcelona, a master's in operations management, and a diploma DAF in operations and innovation, both from ESADE. He taught Spanish and world economy as a professor at the University of Barcelona. He has participated in the preparation of several public policy plans such as the Catalan Agreement on Industry, several research and innovation plans of Catalonia, the Catalan Agreement on Research and Innovation, and different CIDEM and ACCIÓ strategic plans. He has also conducted annual reports of research and innovation in Catalonia as well as the Annual Innovation Barometer.

new GLOBAL ORDER

In light of the rapidly shifting global landscape, Spain must work hard to ensure its integrated economy stands strong and that international trade continues to grow.

Manuel Muñiz
FORMER SECRETARY OF STATE,
GLOBAL SPAIN



How has COVID-19 affected the image and reputation of Spain abroad?

A survey done by Red Track on country reputation during the peak of the crisis in Spain between early March and mid-April 2020 are striking. Spain's image didn't take a significant hit. We are still perceived as a reliable country with resilient institutions and a worthy culture that is extremely attractive for tourism. Our lifestyle is highly valued and appreciated throughout the world. A country's reputation is much more resilient long term than what people think and is far less affected by timely issues such as the effects of COVID-19 on a particular country at a particular time. The pandemic is unfortunately a global phenomenon, and we tend to make snapshot evaluations of something that is dynamic, which is a mistake. This has affected other countries greatly, and hence our assessment of where countries are and how their image was impacted must also be dynamic. When you look at this objectively, you realize this is affecting some of the most capable countries around the world with some of the best healthcare systems, which have been more affected than Spain. Overall, the specific impact on our image abroad is minimal, which is what the quantitative data shows.

Global Spain has been working on several initiatives to mitigate the impact of the pandemic. How have been the results of the Spain For Sure social media campaign?

It was a positive campaign launched at the right time with a message of safety and security in a country that had made an enormous effort to contain one of the worse epidemiological curves in the world. The format is interesting, as it was a partnership with the private sector,

with Global Spain on the public side in addition to the tourism and commerce ministries and the Prime Minister's Office. Once the campaign was produced, we distributed it via our ministries, embassies, and ambassadors as well as around 3,000-4,000 businesses and business associations. This had a huge reach and was granular in its impact, reaching specific geographies and collectives that would not otherwise have been touched. That is a product of a PPP and demonstrates how much can be done when businesses are aligned with the government and vice versa.

What is your vision of the post-COVID-19 world?

We conducted a number of foresight studies at the beginning of the crisis to understand the impact on global economics, global governance, and the EU. The conclusion was that the crisis would accelerate prior trends of transformation. It would not slow them down or create major new trends but would serve as an accelerator of prior works. However, if not managed properly, the pandemic will accelerate social fractures, as it will unequally impact certain groups in our societies. It would have a larger impact on particularly fragile portions of our population, such as those who are precariously employed, as about two-thirds of the jobs displaced in Spain because of COVID-19 were short term and unpredictable. It also impacts vulnerable populations, such as the elderly living by themselves or single-parent or low-income households with no access to technology to keep up with online educational programs. During the entire exit strategy process, we had people who looked exclusively at the social dimen-

sion of the measures being taken and implemented. Another trend that might accelerate is that of deglobalization, as the crisis poses a challenge to countries that were already suffering supply chain problems before the crisis began. For example, we had challenges importing protective equipment and health equipment like respirators. We have launched an initiative at the European level to have a healthier debate about how we produce autonomy without undoing the global trading regime. The crisis has also exacerbated the US-China conflict and has added a healthcare dimension, with the US leaving WHO as a consequence. We have to prepare how Spain adapts to these issues and address them globally.✕

BIO

Manuel Muñiz was dean of the School of Global and Public Affairs at IE and Rafael del Pino Professor of Global Transformation. He is Director of the Center for the Governance of Change at IE. Between 2015 and 2017, he directed the transatlantic relations program at Harvard University. Since 2017, he has been a senior associate and one of the promoters of the Project on Europe and the Transatlantic Relationship of the Harvard Belfer Center for Science and International Affairs. Throughout his career, Muñiz has advised governments and international organizations such as the UN, the G20, the European Commission, and the Department of National Security of Spain. He has a law degree from the Complutense University of Madrid, a master's in stock market and financial markets from the Institute of Stock Market Studies, a master's in public administration from the Kennedy School of Government, and a PhD in international relations from the University of Oxford.



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