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Summary

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Foreign Policy

Felipe González to defend jailed Venezuelan opposition leaders

The former Spanish Prime Minister Felipe González is to defend two imprisoned opposition leaders accused of seeking to destabilise the authoritarian government of Venezuela, a country with a worsening human rights situation.

Leopoldo López and Antonio Ledezma, the mayor of Caracas, are being held in the Ramon Verde military jail on the outskirts of Caracas. López, founder of the Popular Will party, is charged with instigating the demonstrations at the start of 2014, in which 43 people lost their lives and over 3,000 were detained. Ledezma, leader of the Fearless People's Alliance, was arrested in February accused of planning a US-backed coup d'état. López has been in jail for more than a year.

González trained as a lawyer and in 1977, while leader of Spain's Socialist party, defended two Chilean political prisoners jailed during the Pinochet dictatorship.

José Manuel García-Margallo, Spain's Foreign Minister, publically supported González. 'Defending freedoms, human rights and the state of law is a worthy pursuit and it ennobles Felipe González', he said.

González's decision was also applauded by the former Presidents of Brazil, Peru and Chile.

Relations between Spain and Venezuela are fraught. President Nicolas Maduro recently accused Madrid and Lisbon of planning to overthrow his government.

A meeting last October between Prime Minister Mariano Rajoy and the wife of López produced a furious outburst from Maduro. 'He thinks he's a king, the

owner of the Americas... You respect Venezuela, Mr Rajoy, as we respect the Spanish people... You are creating a disaster in Spain’.

Sanctions against Russia ‘beneficial for no one’ says Foreign Minister
Spain aligned itself with a group of EU countries unhappy with the sanctions against Russia in response to the Ukrainian crisis.

José Manuel García-Margallo said after meeting his Russian counterpart in Moscow that ‘keeping or lifting sanctions depends on whether the agreements on Ukraine are being implemented or not. They [sanctions] are beneficial for no one’.

‘The Minsk agreements are being observed, there’s good news, weaponry is being withdrawn... so, I don’t see [any reason for] expanding sanctions’.

The EU, the US and international organisations began to impose sanctions in March 2014. They expire in July unless all 28 EU states agree to roll them over.

Russia retaliated with sanctions against a number of countries, including a total ban on food imports from the EU.

The Obama Administration slapped on new sanctions earlier this month and agreed to send US\$75 million in non-lethal security assistance to the Ukrainian government.

García-Margallo said the sanctions were ‘inflicting great damage on the Spanish economy... We have big losses, especially in the agricultural sector’.

‘I think we need to somehow include Russia’s interests in the association agreement between Ukraine and the European Union – this agreement needs to be complemented by co-operation with Russia’.

Domestic Scene

Socialists hold onto Andalucía in new political landscape

The Socialist party held onto Andalucía, which it has ruled for 33 years, in a snap election which saw the two new upstart parties, the anti-austerity Podemos and the centrist Ciudadanos, take away votes from both the Socialists and the nationally ruling centre-right Popular Party (PP) and begin to break the mould of politics in post-Franco Spain.

The Socialists won 47 seats in the regional parliament, the same as in 2012, but on a smaller share of the total vote (see Figure 1). They were eight seats short of a majority (55 seats). The PP gained 33 seats, 17 fewer and its worst result in an Andalusian election since 1990.

The combined share of the vote of the PP and the Socialists was 62.2%, down from 80.2% in 2012.

In 2012 the PP won the most seats but was unable to form a coalition or a minority government. The party was heavily punished for its austerity measures, although the economy is now firmly recovering from a prolonged crisis.

The Socialists formed a minority government in 2010 backed by United Left (IU), but that is not an option this time as IU only won five seats, seven fewer. Susana Díaz, the incumbent Socialist Prime Minister of Andalucía, said she would govern alone and make pacts where necessary.

Figure 1. Andalusian elections results (number of seats in regional parliament and share of vote)

| | 2015 | | 2012 | |
|--------------------|-------|---------|-------|---------|
| | Seats | % share | Seats | % share |
| Socialists | 47 | 35.4 | 47 | 39.5 |
| Popular Party | 33 | 26.8 | 50 | 40.7 |
| Podemos | 15 | 14.8 | – | – |
| Ciudadanos | 9 | 9.3 | – | – |
| United Left-Greens | 5 | 6.9 | 12 | 11.3 |

Source: *El País*.

Podemos ('We can'), a party formed only a year ago out of the grassroots movement of *los indignados* ('the indignant ones') and which shot to national attention last May when it won eight seats in the election for the European Parliament, was the third most voted party.

This was the first time Podemos had fielded candidates for seats in a Spanish parliament. With unemployment at 34% in Andalucía (10 percentage points above the national rate) and an early school-leaving rate of 28.7%, Podemos had a large pool of discontent upon which to draw voters. Surprisingly, however, only 64% of Andalusians bothered to vote, the third lowest turn-out in the region's electoral history.

The centrist Ciudadanos (Citizens' Party) won nine seats. This party has begun to rapidly gain support outside its home base of Catalonia where it was established eight years ago and has nine seats in that region's parliament.¹ It became better known in the rest of Spain after opposing the non-binding mock referendum on Catalan independence which took place last November in defiance of a ban by the Constitutional Court.

¹ See my commentary on Ciudadanos at http://www.realinstitutoelcano.org/wps/portal/web/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/commentary-chislett-ciudadanos-gains-ground-in-spains-new-political-landscape#.VQ_PiDTF-iY.

According to Metroscopia, if a general election were held today Ciudadanos would gain 18.4% of the vote compared with Podemos' 22.5% (see Figure 2). Podemos, however, appears to have hit a ceiling –its share of the vote has dropped from a peak of 28.2% in January– whereas Ciudadanos continues to rise.

Figure 2. Voting intentions (% of valid votes)

| | 2011 general election | August 2014 | October 2014 | November 2014 | January 2015 | February 2015 | March 2015 |
|------------|-----------------------------|----------------|-----------------|------------------|-----------------|------------------|---------------|
| Podemos | – | 10.7 | 13.8 | 27.7 | 28.2 | 27.7 | 22.5 |
| Socialists | 28.7 | 31.7 | 30.9 | 26.2 | 23.5 | 18.3 | 20.2 |
| PP | 44.6 | 32.3 | 30.2 | 20.7 | 19.2 | 20.9 | 18.6 |
| Ciudadanos | – | – | – | – | 8.1 | 12.2 | 18.4 |
| IU/ICV (1) | 6.9 | 4.9 | 5.2 | 3.8 | 5.3 | 6.5 | 5.6 |

(1) United Left and Greens.

Source: Metroscopia.

Support for Catalan independence wanes

According to a poll published on 13 March by the Centre d'Estudis d'Opinió, an institution financed by the Catalan government, 48% of the region's inhabitants oppose independence from Spain, while 45% support it.

Furthermore, the two parties supporting an independent Catalan state would not win enough seats in the region's parliament to push ahead with their move if an election was held today.

The ruling centre-right CiU coalition would win 31-32 seats, down from 50 in 2012, and the more radical Republican Left of Catalonia (ERC) 30-31 seats, up from 21, according to the market research unit of the Catalan government. Their combined total of 63 would be short of an absolute majority (68 seats).

Ciudadanos would win 16-17 seats (nine in 2012) and Podemos, which was only formed a year ago, 16-17 seats.

Spain's two main parties, the Popular Party (PP) and the Socialists, which have governed Spain over the last 33 years, would suffer big losses in the Catalan election, which has been brought forward by a year to September 27. The PP would win 13-14 seats (19 in 2012) and the Socialists 11-12 (20).

Artur Mas, the president of Catalonia, has called an early election for 27 September that is intended to serve as a plebiscite on the creation of a separate Catalan state.

Judge wraps up first phase of Gürtel corruption investigation

Judge Pablo Ruz completed the first phase of the mega corruption probe known as Gürtel and put 45 people on trial including three former treasurers of the Popular Party (PP).

The investigation began five years ago and covers close to 200 people. It uncovered evidence of a bribes-for-contracts scheme, illegal party financing and cash-filled envelopes containing between €5,000 and €10,000 that were handed out to top PP leaders as undeclared bonuses. Prime Minister Mariano Rajoy denied he was a beneficiary.

The highest profile figure in the case is Luis Bárcenas, the PP's treasurer between 2008 and 2009 and a former senator. He was jailed pending trial in June 2013 and released on bail last January. Investigators found €22 million in Swiss bank accounts held by him.

Spaniards residing abroad up 48% in six years...

The number of Spaniards living abroad rose 6.1% in 2014 to 2.18 million. The figure was 48.3% higher than in 2009, according to the National Statistics Office (INE).

At first sight the increase in six years would seem to confirm a significant exodus of native Spaniards. This is not the case, however.

Two factors need to be taken into account. First, nationalised Spaniards returning to their country of origin because of the massive unemployment following the bursting of Spain's huge property bubble in 2008. These people emigrated to Spain, obtained Spanish citizenship and returned home. Secondly, the 2007 Historical Memory Law enabled the children of Spanish emigrants and of those who went into exile after the 1936-39 Civil War to obtain Spanish nationality.

More than 70% of the increase in Spaniards abroad since 2009 is concentrated in Latin America, particularly in Argentina and Cuba (see Figure 3).

Figure 3. Spaniards abroad at 1 January 2015

| Country | Number |
|----------------|---------------|
| Argentina | 423,006 |
| France | 223,636 |
| Venezuela | 190,601 |
| Germany | 130,279 |
| Brazil | 123,266 |
| Cuba | 119,662 |
| Mexico | 115,620 |
| US | 113,502 |
| Switzerland | 107,016 |
| UK | 91,316 |

Source: INE.

Of the 2.18 million living abroad, 1.44 million were not born in Spain (73% more than in 2009) compared with 733,387 who were born in Spain (+15.7%).

Some demographers say the INE figures underestimate the number of native Spaniards working abroad as registering with the authorities is voluntary. Many young people do not do so as they believe it is not worthwhile. Also, registering with a Spanish consulate abroad involves leaving the municipal register and risk losing some benefits.

... Spain's non-EU population fifth-largest in the Union

Three million of the 5.1 million foreigners living in Spain come from non-EU countries and account for 6.5% of the total population, a higher percentage than Germany, France and the UK, according to the latest EU-wide Eurostat figures (see Figure 4).

Figure 4. Non-EU populations in EU countries, 2013 (% of total population)

| | % of total population |
|--------------|-----------------------|
| Latvia | 15.3 |
| Spain | 6.6 |
| Germany | 5.7 |
| Italy | 5.2 |
| France | 4.1 |
| EU-27 | 4.1 |
| UK | 3.9 |

Source: Eurostat.

Don Quixote author Cervantes' tomb found in Madrid

Nearly 400 years after his death, forensic scientists are convinced they have found the tomb of Miguel de Cervantes, author of Don Quixote and regarded as the father of the modern novel.

What might be his bones and those of his wife and others were found in Madrid's 17th century Convent of the Discalced Trinitarians.

'The remains are in a bad state of conservation and do not allow us to do an individual identification of Miguel de Cervantes', said Almudena Garcia Rubio. 'But we are sure what the historical sources say is the burial of Miguel de Cervantes and the other people buried with him is what we have found'.

The Economy

Bank of Spain intervenes in Andorran bank following US accusation of money laundering

The Bank of Spain, the country's central bank, appointed two officials to act as administrators of Banco de Madrid after the US Financial Crimes Enforcement Network (FinCEN) said its owner, Banca Privada d'Andorra (BPA), was a 'primary money-laundering concern'.



The board of Banco de Madrid, which caters to wealthy clients across Spain, resigned and the bank filed for bankruptcy after customers rushed to empty their accounts. BPA's CEO, Joan Pau Miquel Prats, was sent to preventive prison.

FinCEN said the parent bank BPA processed funds from organised crime in Russia and China and developed 'shell companies and complex financial products to siphon off funds from Venezuela's public oil company Petróleos de Venezuela (PDVSA)'.

Spain's bank restructuring fund FROB said it would not bail out Banco de Madrid as the bank's problems did not pose a systemic risk that warranted the use of public funds. FROB bailed out several banks during the height of Spain's financial crisis in 2012.

BPA entered the Spanish market after purchasing Banco de Madrid from Kutxabank in 2011 for €100 million.

The profile of a typical Banco de Madrid client is a high-earner with savings of over €500,000 who likes to invest in funds. Banco de Madrid controls 88 SICAVs –public limited companies that invest in financial assets and benefit from generous tax rates– and had €856 million of funds under management in 2014.

BPA is the bank where Jordi Pujol, Prime Minister of Catalonia between 1980 and 2003, kept an undeclared family fortune that is part of an ongoing investigation into the financial affairs of himself, his wife and his seven children.

Prime Minister Mariano Rajoy visited Andorra last January and agreed measures to make it more difficult for Spaniards to hide their wealth in the Pyrenean principality.

Foreign direct investment in Spain up 10%

Gross foreign direct investment (FDI) increased 9.8% in 2014 to €17.62 billion, spurred by doubling of that by US companies (see Figure 5). Net investment (gross less divestments) was 18.8% higher at €13.80 billion. Both figures exclude special purpose entities (SPEs) and hence are productive investment.²

² See the definition of SPEs at <http://glossary.reuters.com/index.php?title=SPV>.

Figure 5. Gross investment in Spain by country of ultimate origin, 2014 (€ bn and % of total)

| | € bn | % of total | % change 2014/2013 |
|-------------|-------|------------|--------------------|
| US | 3,516 | 19.9 | +108.2 |
| Luxembourg | 2,489 | 14.1 | +82.8 |
| UK | 1,667 | 9.5 | -12.0 |
| France | 1,580 | 9.0 | -11.6 |
| Mexico | 1,177 | 6.7 | +112.6 |
| Netherlands | 1,098 | 6.2 | -41.8 |
| Spain (1) | 758 | 4.3 | -61.4 |

(1) Investment by Spanish companies via their subsidiaries abroad or jurisdictions such as Luxembourg and the Netherlands.

Source: Registry of Foreign Investments.

Real estate market bottoms out and begins to recover

House prices, which plummeted after the bursting of a massive property bubble in 2008, rose last year (+1.8%) for the first time in six years, according to the National Statistics Office (INE).

Prices, which have fallen on average by more than 35%, increased across Spain last year except in the regions of Asturias, Extremadura and Navarra.

Acquisitions by foreign investors looking for bargains and of the property management units of some banks, coupled with modest growth in mortgages, has animated the housing market.

The number of housing starts, which peaked at 865,561 in 2006 (more than Germany, France and Italy combined), plummeted to 34,873.

The slump in housing starts has been accompanied by a sharp fall in the early school-leaving rate, although it is still well above the EU average (see Figure 6). Students dropped out at 16 during the decade-long boom to work in the construction sector. Today, with unemployment at 23.7%, young people have no option but to stay on at school.

Figure 6. Housing starts and early-school leaving rate, 2006-14

| | Housing starts | Early school leaving rate (%) (1) |
|------|----------------|-----------------------------------|
| 2006 | 865,561 | 30.5 |
| 2007 | 598,087 | 31.0 |
| 2008 | 264,795 | 31.7 |
| 2009 | 110,849 | 30.9 |
| 2010 | 91,662 | 28.2 |
| 2011 | 78,286 | 26.3 |
| 2012 | 44,162 | 24.7 |
| 2013 | 34,288 | 23.6 |
| 2014 | 34,873 | 21.9 |

(1) People aged 18-24 who have only lower secondary education or less and are no longer in education or training.

Source: Ministry of Development and INE.

It is estimated that there are still more than 500,000 unsold new properties and the stock is probably double that including second-hand homes.

Public debt close to 100% of GDP, most regions miss their targets

Spain's gross public debt ended 2014 at 97.7% of GDP and only three of the country's 17 regions met their debt targets for the year (see Figure 7).

Figure 7. Gross public debt of Spain's regions (% of their GDP), 2014 (1)

| | % of GDP | | % of GDP |
|-------------------|-------------|-------------|-------------|
| Andalusia | 20.4 (18.4) | Catalonia | 32.4 (30.3) |
| Aragón | 18.1 (17.5) | Extremadura | 18.0 (17.5) |
| Asturias | 16.2 (15.3) | Galicia | 18.0 (17.6) |
| Balearic Islands | 29.3 (26.0) | La Rioja | 16.6 (15.8) |
| Basque Country | 13.9 (13.9) | Madrid | 12.5 (12.9) |
| Canary Islands | 14.5 (14.3) | Murcia | 25.2 (21.9) |
| Cantabria | 19.8 (18.7) | Navarra | 17.9 (18.1) |
| Castile-La Mancha | 33.5 (32.2) | Valencia | 37.9 (33.4) |
| Castile-León | 17.3 (16.4) | Spain | 97.7 (90.7) |

(1) Target in brackets.
Source: Bank of Spain.

The most indebted region in GDP terms is Valencia (37.9%), ground zero of Spain's property bubble and emblematic of reckless spending before recession (see the next item).

Ghost airport comes to life after four years

The white elephant airport at Castellón will operate its first scheduled flights four years after it was opened when Ryanair, the Irish carrier, begins flights to London and Bristol in September.

Castellón is in the region of Valencia, a fiefdom of the ruling Popular Party (PP), where there are two other airports. Other excesses in Valencia during Spain's credit-fuelled property boom include the building of a Sydney-style opera house and Europe's largest aquarium.

Carlos Fabra, the long-time PP leader in the province of Castellón, opened the €150 million airport in 2011 even though it did not have all the permits to operate. He justified this on the grounds that 'anyone who wants can visit the runway, the terminal and the control tower and walk around them, something they could not do if aircraft were taking off'. There is a 24-metre copper statue to Fabra –who is serving a four-year sentence for tax fraud– at the entrance to the airport.

The European Court of Auditors Union lambasted Spain last December in a report on several countries for wasting EU cohesion policy funds on building airports (24% of the total, the largest amount of any member state). ‘Too many airports (which were often in close proximity to each other) were funded and in many cases the EU-funded infrastructures were oversized’.³

Castellón and another ghost airport at Ciudad Real were not examined (see Figure 8).

Figure 8. Overview of audit results and assessment of Spanish airports

| | Was the investment well planned? | Were the physical outputs achieved? | Were the investments needed | Are all outputs being used? | Were expected quantitative results between 2007 and 2013 achieved? | Was any impact on regional economy evidenced? | Is this a sustainable Airport? |
|---------|----------------------------------|-------------------------------------|-----------------------------|-----------------------------|--|---|--------------------------------|
| Badajoz | A | C | B | A | B | B | B |
| Burgos | A | C | B | A | A | B | B |
| Córdoba | B | C | B | B | B | B | B |
| Palma | A | C | A | B | B | B | B |
| Madrid | A | C | B | A | B | A | A |
| Murcia | A | C | A | A | B | B | A |
| Vigo | A | C | A | B | B | B | B |

Key to the colours: **yellow** indicates an in-between situation, **red** an unsatisfactory situation; and **green** a satisfactory situation.

Source: European Court of Auditors.

Banks reduce their toxic real-estate loans

Spain’s seven listed banks reduced their bad and sub-standard loans and foreclosed properties last year for the first time since the bursting of the huge property bubble in 2008.

The gross figure of €124.7 billion was €7.3 billion less than in 2013 and accounted for 15.2% of these banks’ total credit. The net figure –including provisions– was €64.8 billion, €3.8 billion less.

The reduction corresponds solely to toxic loans as the volume of foreclosed properties in payment of debts continued to rise, even though banks are managing to sell more of these properties.

Corporate Scene

Banco de Sabadell to buy UK’s Lloyds TSB...

Banco de Sabadell agreed a €1.7 billion take-over of TSB, the UK retail bank carved out of the ailing Lloyds Banking Group two years ago.

³ See the full report at http://www.eca.europa.eu/Lists/ECADocuments/SR14_21/QJAB14021ENC.pdf.

Based in Catalonia, Spain's most economically dynamic region, which is pushing for an independent state, Sabadell has doubled in size since 2007 – the year before the bursting of the country's massive property bubble– as a result of snapping up smaller rivals hit by their overexposure to the real estate sector such as Caja de Ahorros del Mediterráneo (CAM) and Banco Gallego.

TSB is smaller and more specialised than Sabadell, but better capitalised and more profitable (see Figure 9). The European Commission forced Lloyds to sell 600-odd branches as a condition of its 2008 bailout. The Co-operative Bank was originally going to buy them, but the deal was cancelled and these branches then formed the stand-alone TSB.⁴

Figure 9. Key figures of Banco de Sabadell and TSB

| | Market capitalisation (€ bn) | Total assets (€ bn) | Basel Tier 1 capital ratio (%) | 2014 return on equity (%) | Cost/income ratio (%) | Number of branches |
|----------|------------------------------|---------------------|--------------------------------|---------------------------|-----------------------|--------------------|
| Sabadell | 9 | 167 | 11.7 | 3.4 | 53 | 2,418 |
| TSB | 2 | 30 | 19.7 | 8.2 | 77 | 631 |

Source: Companies, Bloomberg, FT research.

As part of the bailout agreement, Lloyds has to sell its stake in TSB by the end of the year.

'We see the UK as an attractive market with a strong regulatory framework, sound macroeconomic fundamentals and exciting prospects for growth', said Sabadell's chairman, Josep Oliu.

... Santander in offer to acquire Portugal's Novo Banco

Santander, the euro zone's largest bank by market capitalisation, made a non-binding offer to buy Novo Banco, Portugal's third-largest lender and created last year from the collapse of Banco Espírito Santo (BES).

Santander already controls Santander-Totta, Portugal's fifth-largest bank, which contributed 2% of its profits in 2014.

Fourteen other banks pre-qualified for the sale of Novo Banco.

Mexican billionaire Slim to launch take-over of real-estate company Realia

Inmobiliaria Carso, the property group controlled by Carlos Slim, the world's second-richest person, is to acquire 24.9% of Realia and within nine months launch a full take-over offer.

Realia is majority owned by the partly nationalised Bankia –whose near collapse in 2012 triggered an EU bailout of several Spanish banks– and the builder and services company FCC.

⁴ See my commentary at http://www.realinstitutoelcano.org/wps/portal/web/ri/elcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/commentary-chislett-spanish-banks-internationalisation-sabadell-offers-to-buy-uks-tsb#.VQrw2mTF-iY.

Bankia is selling its stake to Carso. Slim is the largest shareholder in FCC after buying a 25.6% stake last November.

Realia manages a portfolio of shopping centres and office buildings in prime locations in Madrid and Barcelona. It posted a €40 million loss in 2014.

Acciona to build longest railway tunnel in Scandinavia

A consortium formed by Acciona, Spain's global infrastructure and renewable energy group, and Italy's Ghella is to build twin tunnels 20km long linking Oslo to the town of Ski.

The €1 billion project to build the longest railway tunnel in Scandinavia is Acciona's first in Norway.

Talgo wins €200 million train contract in Saudi Arabia

Talgo is to supply six 200km/h diesel-electric trains for use on the 480km Riyadh-Dammam line in Saudi Arabia in a deal worth more than €200 million.

The trains will be similar to those being supplied for the Haramain High Speed Rail project. They will incorporate the 'desert package' developed by Talgo for the Haramain project, which includes additional sealing, window protection and enhanced paint and coatings to protect against abrasive sand and temperatures of 55°C.

CHL buys UK's main oil pipeline network

Corporación Logística de Hidrocarburos (CHL), the owner and operator of the largest Spanish refined oil products pipeline network, acquired the Government Pipeline and Storage System in the UK, which is being privatised, for more than €138 million.

The company began to expand abroad last year when it set up a joint venture in Oman to construct a 280km pipeline between the refineries of Mina Al Fahal and Sohar.

CHL has over 4,000 km of oil pipeline in Spain and storage capacity of 7.9 million cubic metres.

Inditex's profits up 5%

Inditex, the world's largest fashion retailer and owner of the Zara chain, among others, posted a net profit last year of €2.5 billion, 5.2% more than in 2013.

Profit was driven by rebounding sales in Spain and expansion in China and other fast-growing markets.

Inditex opened 343 stores in 54 markets in 2014, bringing the total to 6,683 shops around the world.

Spain rises in global car producer league to 9th place

Spain's 11% increase in car production last year moved it three places up the global ranking to 9th position, ahead of Canada (see Figure 10).

Figure 10. Largest car producers, 2014

| Ranking | Production (million) | % change 2014/2013 |
|-----------------|----------------------|--------------------|
| 1. China | 23.72 | +7.3 |
| 2. US | 11.66 | +5.4 |
| 3. Japan | 9.77 | +1.5 |
| 4. Germany | 5.90 | +3.3 |
| 5. South Korea | 4.52 | +0.1 |
| 6. India | 3.84 | -1.5 |
| 7. Mexico | 3.36 | +10.2 |
| 8. Brazil | 3.14 | -15.3 |
| 9. Spain | 2.40 | +11.1 |
| 10. Canada | 2.39 | +0.6 |

Source: OICA.

Spain's car output last year was the highest in five years, spurred by growth in domestic sales, after dropping to a 23-year low in 2012, partly due to continued government subsidies and exports. Producers, such as Ford, are investing in plants and making new models in the country.

Spain's blue chip companies post higher international revenues

The companies that formed the Ibex-35, the benchmark index of the Madrid stock market, last year generated 64% of their total revenues abroad, slightly up from 2013.

International revenues, however, were 3.2% lower at €412.24 billion, mainly due to falls at Repsol and Telefónica (see Figure 11).

Figure 11. International revenues of Ibx-35 companies, 2014 (€ million and % of total revenues)

| Company | Sector | Total revenues (€ mn) | International |
|----------------------|-------------------------|-----------------------|---------------|
| Abengoa | Engineering | 7,151 | 87.6 |
| Abertis | Motorways | 4,703 | 61.3 |
| Acciona | Construction | 6,499 | 45.8 |
| ACS | Construction & services | 34,881 | 84.0 |
| Amadeus IT Holding | Travel technology | 3,418 | 95.0 |
| Bankia | Banking | 4,687 | 2.6 |
| Bankinter | Banking | 1,404 | 0.2 |
| BBVA | Banking | 22,838 | 69.0 |
| BME | Stock market operator | 333 | 0.0 |
| Caixabank | Banking | 8,791 | 0.1 |
| Día | Supermarket chain | 8,011 | 43.9 |
| Enagás | Gas | 1,206 | 0.0 |
| FCC | Construction | 6,334 | 44.1 |
| Ferrovial | Construction | 8,802 | 69.2 |
| Gamesa | Engineering | 2,846 | 89.6 |
| Gas Natural | Gas | 24,742 | 48.2 |
| Grifols | Pharmaceutical | 3,355 | 93.3 |
| IAG | Airline | 18,817 | 84.5 |
| Iberdrola | Electricity | 30,032 | 52.2 |
| Inditex | Fashion retailer | 18,117 | 81.0 |
| Indra | Electronics | 2,938 | 61.0 |
| Jazztel | Telecoms | 1,093 | 0.0 |
| Mapfre | Insurance | 18,458 | 63.5 |
| Mediaset (Telecinco) | Media | 919 | 1.9 |
| OHL | Construction | 3,731 | 77.3 |
| Popular | Banking | 4,167 | 8.5 |
| Red Eléctrica | Electricity | 1,847 | 2.5 |
| Repsol | Oil | 45,842 | 46.2 |
| Sacyr-Vallehermoso | Construction | 2,901 | 49.2 |
| Santander | Banking | 54,656 | 84.2 |
| Técnicas Reunidas | Engineering | 3,149 | 98.1 |
| Telefónica | Telecoms | 50,377 | 76.0 |
| Viscofan | Artificial casings | 687 | 76.0 |
| Total | | 412,246 | 64.1 |

(1) Figures rounded to nearest whole number.

Source: BME Spanish Exchanges. Data from the National Securities Market Commission (CNMV).

Fewer Spaniards in the Forbes ranking of billionaires

Twenty one Spaniards are ranked in the latest Forbes list of billionaires, five less than the previous year.

Amancio Ortega, founder of the Inditex fashion group, remained the richest Spaniard with US\$64.5 billion but moved into fourth place as he was overtaken by Warren Buffett (see Figure 12).

Figure 12. Top 10 Spaniards in the Forbes ranking of billionaires (US\$ bn)

| Rank | Person and company | Fortune (US\$ bn) |
|------|---------------------------------|-------------------|
| 4. | Amancio Ortega (Inditex) | 64.5 |
| 225. | Sandra Ortega Mera (Inditex) | 6.3 |
| 259 | Juan Manuel Villar Mir (OHL) | 5.7 |
| 277 | Juan Roig (Mercadona) | 5.4 |
| 330 | Isak Andic (Mango) | 4.8 |
| 663 | Hortensia Herrero (Mercadona) | 2.8 |
| 810 | Alicia Koplowitz (OmegaCapital) | 2.3 |
| 847 | Rafael del Pino (Ferrovial) | 2.2 |
| 847 | Manuel Lao Hernández (Cirsá) | 2.2 |
| 847 | Helena Revoredo (Prosegur) | 2.2 |

Source: Forbes.

Ortega's fortune rose by US\$500 million. The largest increase was that of Juan Manuel Villar Mir, chairman of the construction and civil engineering company OHL, whose fortune more than doubled to US\$5.7 billion.