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Summary

Venezuelan opposition leader flees to Madrid.

Most regions seal off their borders as virus pandemic cases remain high.

Government sees off no-confidence vote amid deepening divisions in the right.

2021 budget finally unveiled with tax rises for rich and hike in social spending.

Cellnex buys CK Hutchison's European towers for €10 billion.

Foreign Policy

Venezuelan opposition leader flees to Madrid

Leopoldo López, who spent 18 months living at the Spanish Ambassador's residence in Caracas, arrived in Madrid last month and pledged to continue his struggle to unseat the government of Nicolás Maduro.

López was jailed in 2014 for leading violent protests against Maduro and put under house arrest in 2017 after his release. In April 2019 he joined Juan Guaidó, head of Venezuela's opposition-controlled National Assembly, who had invoked the constitution to assume an interim presidency, following widely viewed fraudulent presidential elections in 2018, on the streets in a failed bid to trigger a military revolt.

López then sought refuge at the residence. Spain is one of more than 50 countries which recognises Guaidó. There were no details of how López managed to leave the residence undetected by the Venezuelan authorities.

The Spanish Foreign Ministry said his decision to leave was 'personal and voluntary'. López's wife left for Spain in May 2019. His father was granted Spanish nationality in 2015 by the previous Popular Party (PP) government and is a PP MEP.

Caracas accused the Spanish government of aiding the 'illegal escape of a dangerous criminal' in violation of international law.

Deputy Prime Minister Pablo Iglesias, leader of the hard-left Unidas Podemos, the junior partner in the Socialist-led minority government, criticised his own government for allowing López to come to Madrid. Iglesias admired Maduro's equally authoritarian

predecessor, Hugo Chavez, who died in 2013. His party, Podemos, reportedly received funds from Venezuela.

Iglesias called for dialogue with Caracas, praising the efforts of Spain's former Socialist Prime Minister, José Luis Rodríguez Zapatero. His frequent visits to Venezuela have achieved nothing; the opposition regards him as not being neutral.

The Spanish government downgraded its diplomatic relations with Venezuela last month by replacing the outgoing Ambassador, Jesús Silva, with a chargé d'affaires and not a new ambassador.

Domestic scene

Most regions seal off their borders as virus pandemic cases remain high

Citizens in 12 of Spain's 17 regions are banned from travelling to another region unless they have a valid reason in a desperate attempt to reduce the still high 14-day cumulative number of COVID-19 cases of 470 per 100,000.

The total number of cases stood at almost 1.5 million on 16 November, the sixth highest in the world, and deaths at 41,253 (see Figure 1). Some regions such as Andalucía, Murcia and Asturias have reported more deaths a day than in the first wave. Including 'excess deaths' –the difference between the observed numbers of deaths in specific time periods and expected numbers of deaths in the same time periods– the total number of fatalities is 64,709.

Figure 1. Coronavirus (COVID-19) cases by region (1)

	Notified cases (PCR test)	Cases per 100,000 people in past 14 days	Deaths
Andalucía	200,550	547	3,264
Aragón	68,814	733	2,039
Asturias	19,136	629	732
Balearic Islands	21,988	244	391
Basque Country	87,101	758	2,245
Canary Islands	19,360	81	312
Cantabria	13,235	523	279
Castilla y León	108,777	792	4,122
Castilla-La Mancha	77,866	466	3,574
Catalonia	283,937	530	7,382
Extremadura	26,066	468	838
Galicia	43,714	296	1,084
Madrid	333,215	311	11,082
Murcia	49,720	678	486
Navarre	37,870	591	800
La Rioja	15,305	736	516
Valencia	84,029	284	2,028
Spain (2)	1,496,864	470	41,253

(1) Figures at 16/XI/2020.

(2) Including the North African enclaves of Ceuta and Melilla.

Source: Health Ministry.

The regions are implementing different policies to bring the virus under control. Madrid has kept its bars and restaurants open, while in Catalonia they remain closed until 23 November. Germany closed all its bars and restaurants as of 2 November, even though its 14-day cumulative number of COVID-19 cases is much lower than Spain's at around 300.

The situation in Burgos (population 355,000) in the region of Castilla y León is so bad that authorities there requested permission from the central government to order people to stay at home with few exemptions, similar to the lockdown imposed nationwide in

March. It was denied as such a measure does not form part of the second state six-month of emergency as of 29 October. Instead, Burgos is limiting meetings to no more than three people and extending PCR tests.

Spain's rush to a 'new normality' after the end of its first state of emergency on 21 June and a severe three-month lockdown, partly in the hope of spurring a recovery in tourism, has proved to be not just ineffective, but counterproductive.

As Figure 2 shows, countries that got to grips with the virus the quickest have tended to suffer the least economic pain. According to the European Commission's latest forecast, GDP will shrink 12.4% this year, up from 9.4% in its spring forecast and the sharpest contraction in the bloc.

Figure 2. Countries that were unable to control their outbreaks have tended to suffer the most economic pain



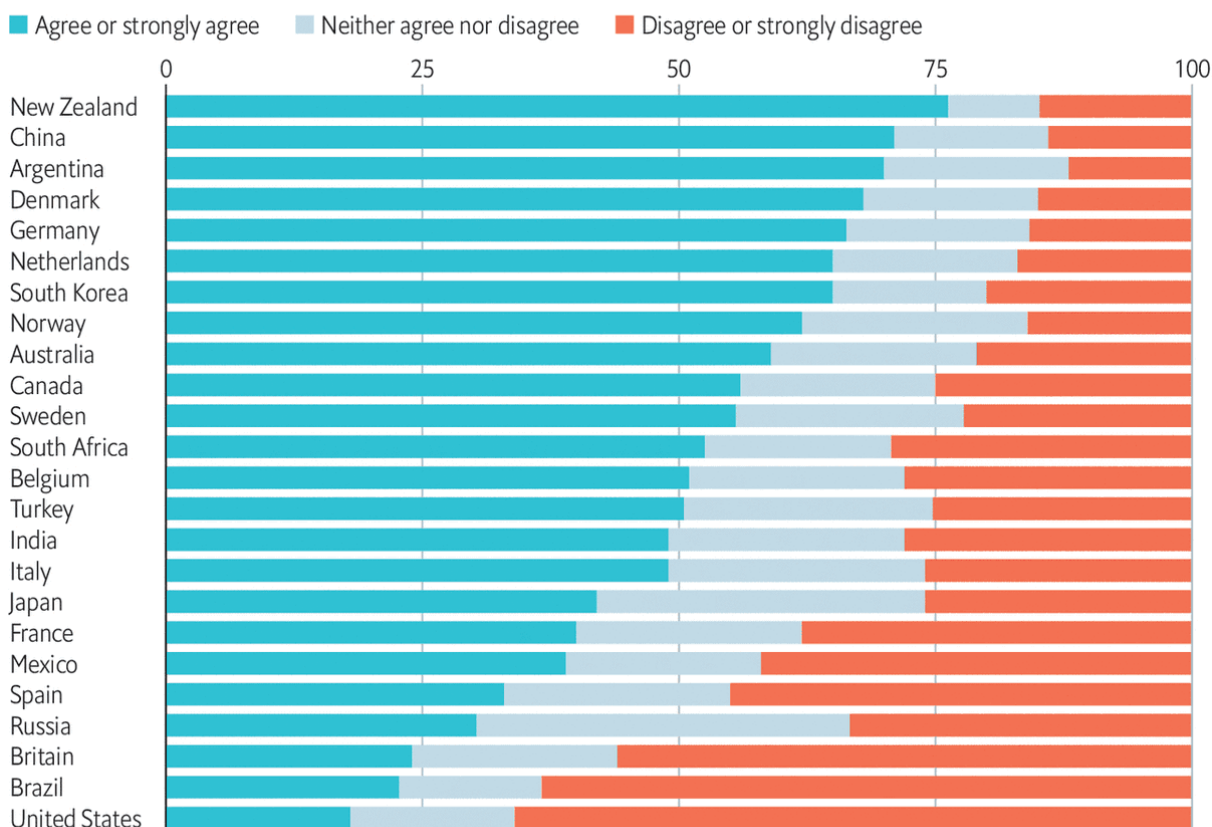
Source: Financial Times.

Another factor behind the larger than average impact of the pandemic on Spain's economy is the weight of the tourism and hospitality sectors (26% of GDP –five points more than the EU average–), which have been decimated.

Those countries that achieved this were also the ones that followed scientific as opposed to political advice the closest. Spain is ranked near the bottom of adhering to scientific advice, according to a survey of researchers in May and June in the early months of the pandemic (see Figure 3). New Zealand comes out top. Perhaps it is no coincidence that the country has become virtually COVID-19 free.

Figure 3. The scientific method?

Policymakers have taken scientific advice into account during covid-19, % responding
 Survey of global scientific community*, May-June 2020



Source: Frontiers in Public Health

*25,307 researchers affiliated with Frontiers, a Swiss publisher of scientific journals

Source: The Economist.

The General Medical Council called for Fernando Simón, the health emergencies chief and the public face of the government’s response to COVID, to be sacked for ‘patent and prolonged incompetence’ in his handling of the pandemic.

As of 23 November, Spain will become one of the last EU countries to make travellers from nations designated high risk by the European Centre for Disease Prevention and Control (ECDC) provide proof of a negative coronavirus test in order to enter the country.

Government sees off no-confidence vote amid deepening divisions in the right

The minority Socialist-led coalition government comfortably survived a censure motion tabled by the hard-right VOX, which saw the mainstream conservative Popular Party (PP) continuing its shift toward the centre.

The government with 155 of Congress’s 350 seats won the day with 298 votes against and VOX’s 52 in favour. The PP (89 seats) had the political class on tenterhooks as it left its decision until the very end of the parliamentary debate when it joined with 15 of the 16 other parties to vote down the censure motion.

The PP's leader Pablo Casado told Santiago Abascal, his counterpart in VOX, he was 'part of the problem and you cannot be part of the solution that my party represents'. VOX supports the PP in regional governments in Madrid, Andalucía and Murcia.

The government, in which the hard-left Unidas Podemos is the junior partner, won considerably more support than it did when it was formed in January following the inconclusive election in December 2019. Then, the government garnered support from 167 MPs in the second investiture vote when a simple as opposed to a qualified majority was required.

This time parties that backed it after rejecting its formation included the liberal Ciudadanos (Cs, 10 seats) and both Catalan parties pushing for the region's independence (21 seats).

Casado followed this vote a week later by abstaining in the motion to back the government's six-month state of emergency, which was predictably rejected by VOX. Cs supported it.

These votes, together with Casado's sacking of Cayetana Álvarez de Toledo in August as the PP's spokeswoman in parliament, would appear to mark a turning point in the PP's strategy and a distancing from VOX (formed in 2013 by former PP members).

The combative Álvarez de Toledo parted ways with the PP on some of its policies. Nevertheless, like the rest of her party, she voted against the censure motion, but no sooner had the debate ended and she publicly disagreed with the party's line, saying the PP should have abstained and by not doing so ran the risk of 'dynamiting the bridges with VOX's voters'.

The PP's more moderate image, in its bid to win the centre ground, is, however, threatened by the party's erratic management of the pandemic in Madrid, the PP's political stronghold, under the regional presidency of Isabel Díaz Ayuso, who, unlike the presidents of other PP controlled regions, is at constant loggerheads with the central government.

The party's shift has wrongfooted Cs, which is also moving more toward the centre after its debacle in the November 2019 general election when its number of seats plummeted from 57 to 10. That drop followed Cs' rightward shift under its previous leader, Albert Rivera, who, fired up by the party gaining only nine seats fewer than the PP's 66 in the April 2019 election, convinced himself he could overtake the PP.

Rivera quit politics and the party's new leader, Inés Arrimadas, is moving back to the centre.

Canary Islands overwhelmed by migrants from Africa

The Canary Islands received around 17,000 migrants by 16 November, up from 2,557 in all of 2019 and 1,307 in 2018, intensifying the pressure on the already overstretched resources to cope with the flood of arrivals by sea. Over 700 in small boats were rescued on the 14th.

The economic hardship of the coronavirus pandemic and increased security in the Mediterranean are pushing more people to cross the Atlantic.

Ylva Johansson, the EU's Commissioner for Home Affairs, and Fernando Grande Marlaska, Spain's Interior Minister, visited the islands to gather first-hand evidence of the growing crisis.

Judith Sutherland, Human Rights Watch's acting Deputy Director for Europe, also visited the Canaries and described the conditions in which migrants are being held as 'pretty awful', particularly at the Arguineguín docks where 2,000 migrants are living in tents. She called for Spain's government to relieve the pressure by transferring migrants to the mainland.

The government is in talks with Frontex, the EU's border and coast guard agency, to relaunch a joint operation, first carried out in 2006, to try to stop the arrival of boats. That year, 32,000 people arrived in the Canaries by sea.

It has also begun to repatriate migrants to Mauritania, 22 of whom were flown back, following the suspension of such flights in March because of COVID-19.

In 2018 Spain received 344,000 new immigrants on a long-term or permanent basis (including changes of status and free mobility), 6.2% more than in 2017, according to the latest comparative figures for OECD countries published this month. Morocco, Colombia and Venezuela were the top three nationalities of newcomers.

King Juan Carlos in probe over 'secret credit cards'

Supreme Court prosecutors are investigating the alleged use of credit cards linked to foreign accounts by former King Juan Carlos, his wife, Queen Sofía, and unnamed family members.

The probe comes on top of one not yet completed into a US\$100 million 'donation' received in 2008 from Saudi Arabia, allegedly linked to the awarding of a high-speed train contract in that country to Spanish companies. Don Juan Carlos was constitutionally protected by immunity until June 2014 when he abdicated in favour of his son don Felipe.

He is also facing an investigation into a trust fund in Jersey, based on a report by the anti-money laundering intelligence unit Sepblac.

According to the newspaper *El Diario*, the credit cards were used between 2016 and 2018 and paid from an offshore account not in their names. Press reports suggested that

the millionaire Mexican Allen Sanginés-Kraus placed money in accounts in the name of an aide to don Juan Carlos.

There is apparently evidence of criminal tax fraud as the sum spent met the minimum threshold of €120,000 in at least one of the three years investigated.

The 82-year-old don Juan Carlos left Spain in August for Abu Dhabi and has not been heard of since then. His lawyer said he would make himself available if called for questioning.

Education reform relegating Spanish under attack

A new education law, if approved, would erode the constitutional guarantee to teach Spanish, in the eyes of opponents.

The Catalan, Galician and Basque languages, officially banned during the 1939-75 dictatorship of General Franco but spoken in private, are protected by law and enjoy equal status. Under the reform, educational authorities in Catalonia, Galicia and the Basque Country would still have to teach Castilian Spanish, but its importance would be demoted as Spanish would no longer be considered a *lengua vehicular*, the legal term used to define the language for communicating in regions where other languages exist.

The mainstream conservative Popular Party, the hard-right VOX and the liberal Ciudadanos (Cs) view the change as a concession to nationalists, particularly those in favour of independence for Catalonia, and will probably take the law to the Constitutional Court.

The reform was agreed between the ruling Socialists, their junior partners in the minority coalition, the hard-left Unidas Podemos and the Catalan separatists Republican Left of Catalonia (ERC).

The ERC and the radical EH Bildu in favour of an independent Basque Country backed the formation of the government in January, giving it parliamentary support. The government needs their support, particular that of Catalan MPs, in order to win approval for its 2021 budget. Cs demanded withdrawal of the law in return for supporting the budget.

The reform has reignited language wars, above all in Catalonia, run for almost 40 years by nationalist governments which have pursued a policy of linguistic immersion making Catalan the main language in state schools. This policy was a key part of the 'Catalanisation' process begun by the region's first post-Franco Premier, Jordi Pujol, who governed between 1980 and 2003, and over the years has fomented pro-independence sentiment.

In Catalonia nearly all classes in most state schools are taught in Catalan, although 25% of them are supposed to be in Castilian Spanish, including classes of Spanish in Spanish. Furthermore, teachers can only address their students in Spanish in the teaching of

Spanish class. Children aged between six and 12 receive two hours a week of teaching of Spanish in Spanish and secondary school students three hours. In some cases these classes are also given in Catalan.

Studies show that those state schools that teach a subject other than Spanish in Spanish are a minority. This policy in Catalonia has managed to implant in students the idea that Spanish is a foreign language that can be studied like English or French.

The new law normalises what effectively has been happening in Catalonia for decades as it formalises Catalan as the *lengua vehicular*, but not in Galicia and the Basque Country as Spanish in these regions is given greater weight in the classroom and parents have more language options.

Some parents in Catalonia have taken the issue of 25% to the courts and won. The consequences for them and their children can then become uncomfortable among nationalists and even more so among ardent secessionists. For this reason, some parents seeking a greater Spanish content in education are deterred from going to the courts.

Legal experts say the new law would make it more difficult for parents to bring and win cases. From a political standpoint, the reform sends a message that the state is less likely to protect linguistic rights in Catalonia, while pro-independence parties can hail the reform as a victory to their supporters.

Spain rises in Gender Equality Index

Spain moved up to 8th from 9th place in the EIGE's 2020 Gender Equality Index out of 28 countries, with a slightly higher score (72 out of 100) than last year (see Figure 4). Since 2010, its score has increased by 5.6 points.

Figure 4. Gender Equality Index, 2020 (1)

	Score out of 100
1. Sweden	83.8
3. France	75.1
6. UK	72.7
8. Spain	72.0
EU-28	67.9
12. Germany	67.5
14. Italy	63.5
28. Greece	52.2

(1) The data is mostly from 2018.

Source: European Institute for Gender Equality.

The index is based on domains such as work, money, health and violence against women.

The economy

2021 budget finally unveiled with tax rises for rich and hike in social spending

The Socialist-led coalition government's 2021 budget will hit the rich and increase social investment by 10%.

Negotiations with the hard-left Unidas Podemos, the junior partner in the minority government, took months and the budget now needs the support of Basque nationalists, Catalan separatists and small parties in order to win parliament's approval. This is not expected until January. The liberal Ciudadanos with 10 MPs conditioned its support on the government withdrawing a proposed law on the teaching of Spanish (see item above).

Spain has largely been operating under the 2018 budget of the previous Popular Party (PP) government for the last three years as Prime Minister Pedro Sánchez was unable to forge an agreement.

The government's chances of winning approval are enhanced by the budget incorporating an 'advance' of €27 billion of EU recovery fund grants, which it hopes will discourage all but the PP and the hard-right VOX from voting against it or abstaining.

Spending on the health system, straining under the dramatic impact of COVID-19, caregiving, education and research is put at a record €240 billion. Deputy Prime Minister Pablo Iglesias, the leader of Unidos Podemos, hailed the budget as it 'leaves neoliberalism definitively behind'.

Income tax will be increased for those earning more than €300,000 and inheritance tax for estates worth more than €10 million. Capital income will also be taxed at a higher rate. The government also wants to eliminate around €600 million in tax breaks on private pensions for high earners. The amount that can be annually deducted from a person's tax base will drop from €8,000 to €2,000.

The tax rises will only affect around 36,000 people (0.17% of total taxpayers) but raise almost €500 million. There are also plans to reduce exemptions on big companies' foreign dividends.

The government justifies higher taxes as the country's tax pressure (35.4% of GDP in 2019) is considerably lower than the EU average (see Figure 5) and inequality is higher.

Figure 5. Tax-to-GDP ratio, 2002, 2007 and 2019 (1)

	2002	2007	2019
France	44.1	44.5	47.4
Italy	39.7	41.5	42.6
Germany	39.6	39.3	41.9
EU	38.6	39.2	41.1
Spain	34.1	37.3	35.4
UK	33.2	35.0	35.3
Ireland	29.1	32.1	22.7

(1) The sum of taxes and net social security contributions as a percentage of GDP.

Source: Eurostat.

The Institute of Economic Studies (IEE) in Madrid contested this, calling tax pressure, the standard measure, insufficient in the case of Spain as it does not reflect Spain's larger than average black economy, relative income levels and the much higher unemployment rate.

It developed a new indicator –normative tax pressure– based on the tax pressure emanating from the country's tax system and its regulations as opposed to the actual tax revenue collected by the government. According to this indicator, Spain's tax pressure is 10.5 points higher than the EU average (see Figure 6). The difference between the standard indicator and IEE's is due to tax fraud and evasion.

Figure 6. Tax indicators

	Year	Value	
		EU	Spain
Global indicators			
Normative tax pressure	2020	100	110.5
Effective tax pressure (% of GDP, adjusted to black economy)	2018	45.0	44.5
Tax pressure (in relation to per capita income)	2018	100	106.8
Business taxation			
Contribution of companies to total tax take (%)	2018	24.6	31.9
Tax pressure of companies (% of GDP)	2018	9.6	11.1
Effective tax pressure of companies adjusted to black economy (% of GDP)	2018	11.1	14.2
Normative tax pressure of corporate tax	2020	100	122.6
Social Security contributions (% of gross salary)	2019	22.1	29.9

Source: IEE based on Eurostat and OECD.

Spain is ranked 27th out of 36 countries in the latest international tax competitiveness ranking, down from 23rd in 2019 (see Figure 7).

Figure 7. 2020 international tax competitiveness ranking

	Score out of 100
1. Estonia	100.0
15. Germany	67.9
21. US	62.9
22. UK	61.6
27. Spain	58.5
32. France	50.7
36. Italy	44.3

Source: Tax Foundation.

Both the Bank of Spain and the fiscal watchdog AIReF said the government's revenue forecasts were optimistic. The AIReF said revenue would be €9 billion lower than projected. Pablo Hernández de Cos, the Bank's Governor, and the IMF also questioned the wisdom of the higher than inflation rise (+0.9%) in the salaries of civil servants and pensions in 2021, because of Spain's still high structural deficit. Spain's inflation rate is currently 0.9% negative.

Spain went into COVID-19 with a structural as opposed to a cyclical deficit of 3.1% of GDP, which is projected to reach 8% this year (see Figure 8).

Figure 8. Public finance indicators, 2016-22F (% of GDP)

	2016	2017	2018	2019	2020F	2021F	2022F
General government balance	-4.3	-3.0	-2.6	-2.8	-14.1	-7.5	-5.8
Structural balance	-2.7	-2.5	-2.3	-3.1	-8.1	-4.4	-4.3
General government debt	99.2	98.6	97.6	95.5	123.0	121.3	120.4

F = forecast.

Source: IMF, October 2020.

Political parties reach vague pension reform consensus after four years

No one disputes that the sustainability of Spain's pensions system is seriously threatened, but it has taken politicians a staggering four years to agree a basis for reform and with no concrete measures.

Most parties under the umbrella of the Toledo Pact (reforms approved in 1995), except the hard-right VOX, have agreed a series of recommendations including maintaining the purchasing power of pensions, moving the effective retirement age closer to the legal age and stripping out expenditure not strictly related to pensions, such as maternity payments, and charging it to another area.

The pensions system has been in the red since 2011, with the deficit reaching a chronic €18 billion last year (1.5% of GDP) before the devastating impact of COVID-19 on the economy, particularly on employment. The Great Recession (2008-12) reduced social security contributions by almost €7 billion, while expenditure rose by €18.8 billion. Spain went into the pandemic with a jobless rate of 14% (24% in 2012), which is now around 17% and is eroding social security revenue. Revenue from social security contributions fell 3.8% year-on-year in the first half of 2020, while spending on pensions was up 3%.

Long before the virus, the pensions system was feeling the effect of rising average life expectancy (74.3 years in 1978 and 83.6 in 2019), which pushed up pension spending (see Figure 9), and the low fertility rate (1.2 children).

Figure 9. Demographic indicators, 2008-20

	2008	2012	2014	2015	2016	2017	2018	2019	2020
Average age (years)	40.8	41.6	42.1	42.4	42.7	42.9	43.1	43.3	44.5
65 and older (% of total population)	16.5	17.4	18.1	18.4	18.6	18.8	19.1	19.3	19.4
Dependency rate (%) (1)	24.5	26.1	27.4	28.0	28.4	28.8	29.3	29.6	29.8

(1) Population of 15 years or less+65 or more years/ working population of 16-64 years.

Source: FUNCAS.

Some of the pension reforms implemented as of 2014 have been suspended, notably no longer automatically linking annual increases to inflation, following protests by pensioners. Pensions were increased in line with inflation in 2018, 2019 and 2020 instead of by 0.25%. The sustainability factor, which was supposed to start being applied in January 2019 to adjust initial pensions –when retiring– based on life expectancy changes has been suspended until 2023.

An analysis by BBVA economists Enrique Devesa and Rafael Doménech said the recommendations were a step in the right direction but insufficient. If costs not related to pensions were to be paid for elsewhere, it made no sense to include taxes other than social security contributions in the system's revenue

Equally, raising the effective age of retirement toward the legal age (65), by incentivising voluntary prolonging of working life, needed to go hand in hand with increasing the legal age at the same pace as the rise in life expectancy. Almost 40% of the working population retires before the legal age.

The authors said raising the legal retirement age was one of the mechanisms with the strongest long-term impact on the sustainability of pensions, as rising life expectancy, unless compensated for, was very destabilising. Social Security Minister José Luis Escrivá ruled out raising the age to 70.

The Bank of Spain recently calculated that the actuarial deficit (the difference between obligations and income), unless corrected, would mean new pensions receiving on average between €1.51 and €1.74 for every euro from social security contributions.

Spain's net pension replacement rate –the individual net pension entitlement divided by net pre-retirement earnings– is one of the highest among OECD countries at 83.4% in 2018 (see Figure 10).

Figure 10. Net pension replacement rates (%)

	% of pre-retirement earnings
Turkey	93.8
Italy	91.8
Spain	83.4
France	73.6
OECD	58.6
Germany	51.9
UK	28.4

Source: OECD.

BBVA says the best way forward is move the pensions system toward a Swedish-style notional retirement system, consisting of three tiers: a pay-as-you-go notional accounts system, a mandatory funded defined contribution pension and a defined benefit pension-income tested top-up.

Inward and outward FDI surges in first half

Foreign direct investment in Spain in the first half of 2020 was 437% higher than in the second half of 2019 at US\$12.5 billion and outward investment from the country 136% more at US\$17 billion (see Figures 11 and 12).

Figure 11. FDI inflows, 1H20 (US\$ bn)

	US\$ bn	% rise over 2H19
France	12.78	+734
Germany	20.85	+1465
Italy	2.32	-85
Spain	12.50	+437

Source: OECD.

Figure 12. FDI outflows, 1H20 (US\$ bn)

	US\$ bn	% rise over 2H19
France	18.68	+174
Germany	48.85	+197
Italy	4.89	-68
Spain	17.04	+136

Source: OECD.

Up in World Energy Trilemma Index

Spain rose to 15th from 18th place out of 125 countries in the index based on energy security, energy equity and environmental sustainability (see Figure 13). The country received high scores in equity and sustainability (77.9 out of 100).

Figure 13. World Energy Trilemma Index, 2020

	Grade (1)
1. Switzerland	AAAa
5 = France	AAAa
5 = UK	AAAa
7. Germany	AAAa
9. US	AABa
11. Italy	AAAb
15. Spain	ABAb
108. Niger	DDDd

(1) Range of values: A (best), B, C, D (worst). Example: AAAa, ABAc, BCDB, DCDd meaning: a grade is given for performance in three main dimensions (1st letter for Security, 2nd Equity, 3rd Sustainability) which cover 90% of the overall grade and an additional dimension (4th letter for Country Context), which covers the remaining 10%. The value of the grade depends on which quartile the country's score falls into: Grade A, top 25% countries; Grade B; between top 25% and 50%; Grade C, between 50% and 75%; and Grade D, between 75% and 100%.

Source: World Energy Council and Oliver Wyman.

Corporate scene

Cellnex buys CK Hutchison's European towers for €10 billion

The mast operator Cellnex made its largest acquisition with the purchase for around €10 billion of CK Hutchison's 24,600 cellphone towers in Europe.

The company has grown considerably over the last five years. The latest deal sees its entry into three new markets –Austria, Denmark and Sweden– and comes after buying a 60% stake in Poland's Play, which French operator Iliad is in the process of taking over. That €800 million deal added 7,000 masts.

Iberdrola acquires US PNM Resources for US\$4.3 billion

Iberdrola, the world's third-biggest utility by market value, continued its international expansion with the purchase of PNM Resources, which will be added to its Avangrid business to create the US's third-largest renewable energy operator.

The US\$8.3 billion deal including debt is Iberdrola's biggest transaction since its 2006 acquisition of Scottish Power for €20 billion and its eighth this year, following purchases in Australia, France and Japan. So far this year it has spent €6.6 billion of its €10 billion investment drive.

The absorption of PNM, which operates in New Mexico and Texas, into Avangrid will give Iberdrola a presence in 24 states.

CEO Ignacio Galan said his strategy consisted of: 'Friendly transactions, focused on regulated businesses and renewable energy, in countries with good credit ratings and legal and regulatory stability, offering opportunities for future growth'.

Sacyr wins its first concession business in US

The infrastructure company Sacyr entered the US concessions sector when it won the 50-year €1.2 billion contract to operate, maintain and improve the energy, water, and steam generation and distribution systems at the University of Idaho.

The company launched its construction business in the US in 2018 and since then has won seven contracts in the states of Florida and Texas worth around €575 million.