

Inside Spain Nr 180

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Summary

Official Development Aid to double.

Socialists win Catalan election but separatist parties boost their overall majority.

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Foreign Policy

Official Development Aid to double

Spain aims to more than double its spending on official development aid (ODA) to 0.5% of gross national income (GNI) by 2024, according to the government's foreign policy plan.

ODA plummeted from a high of 0.46% of GNI to 0.12% in 2015 and then picked up to 0.21% in 2019 (see Figure 1).

Figure 1. Official Development Aid (ODA) as percentage of gross national income

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------|------|------|------|------|------|------|------|------|------|------|
| 0.46 | 0.43 | 0.29 | 0.16 | 0.17 | 0.13 | 0.12 | 0.34 | 0.19 | 0.20 | 0.21 |

Source: OECD.

The target of 0.4% of GNI for 2020, an abnormal year because of the huge impact of the COVID-19 pandemic, was not reached even though economic output fell 11%.

The EU is committed to increasing collective ODA to 0.7% by 2030. With the departure of the UK, one of the largest ODA contributors (0.7% of GNI every year since 2013), from the EU the target will be more difficult to reach.

The greater ODA is part of the Socialist-led minority government's desire to be more active internationally, following a low-profile period. It will present Spain's candidacy to be a member of the UN's Human Rights Council in 2025-27.

The government sees an opportunity for better relations with the US under the Biden Administration. In the trade area, it will seek the 'lifting of the unjust unilateral measures' against the exports of olive oil and wine.

The UK's exit from the EU is seen as a chance for Spain to push for a more globally engaged and more federal Europe.

The government notched up several successes in its first year including the large share of the EU's pandemic recovery fund (€240 billion of the total €750 billion) that Spain will receive and resolving, for the time being at any rate, the post-Brexit status of Gibraltar, the British Overseas Territory claimed by Madrid, which has joined the Schengen Area for passport-free travel.

More problematic is how to resolve the influx of migrants from North Africa, particularly to the Canary Islands which received more than 22,000 last year, 10 times the number in 2019.

Domestic Scene

Socialists win Catalan election but separatist parties boost their overall majority

Catalan pro-independence parties won a larger majority in the region's election on, for the first time, just over more than 50% of the voter turnout (at 53.6% the lowest in 40 years), but the Socialists were the most voted party and said they would try to form a government.

The 'unionist' Socialists, led by former Health Minister Salvador Illa, almost doubled their number of seats to 33 in the 135-strong parliament in an election overshadowed by the pandemic, the same number as the Catalan Republican Left (ERC) but with a larger share of the vote (see Figure 2). ERC got one more seat than Together for Catalonia (JxCat), putting it, unlike in December 2017, at the head of the divided secession movement which also includes the backing of the anti-capitalist Popular Unity Candidacy (CUP). CUP doubled its seats to nine and holds the key as to whether ERC and JxCat continue their coalition. These three parties have 74 seats, four more than in 2017 and six more than an absolute majority. PDeCAT, which split from JxCat, won no seats.

Figure 2. Catalan parliament elections, 2021 and 2017 results (number of seats and % of votes)

| | 2021 | % of votes | 2017 | % of votes |
|--------------------------------|------|------------|------|------------|
| Catalan Socialist Party (PSC) | 33 | 23.0 | 17 | 13.9 |
| Catalan Republican Left (ERC) | 33 | 21.3 | 32 | 21.4 |
| Together for Catalonia (JxCat) | 32 | 20.1 | 34 | 21.6 |
| VOX | 11 | 7.7 | – | – |
| Popular Unity Candidacy (CUP) | 9 | 6.7 | 4 | 4.5 |
| <i>Catalunya en Comú-Podem</i> | 8 | 6.9 | 8 | 7.5 |
| <i>Ciudadanos (Cs)</i> | 6 | 5.6 | 36 | 25.3 |
| Popular Party (PP) | 3 | 3.8 | 4 | 4.2 |
| Voter turnout | | 53.6 | | 79.1 |

Source: Catalan Government.

While the Socialists did well, they face a daunting task in trying to form a government. The mainstream conservative Popular Party (PP) and the centrist Ciudadanos (Cs) only won nine seats between them, two less than the hard-right VOX, which stormed into the Catalan parliament for the first time and became the most strident voice against independence. VOX, with 52 MPs in the national parliament, was one of the three most voted parties in 50 of Catalonia's 947 municipalities. The collapse of Cs from its stunning result in 2017, when it was the most voted party with 36 seats, mirrored that in the November 2019 general election which saw it drop from 47 to 10 seats in the national parliament. The PP's result (three seats and almost four times fewer votes than VOX) was its worst ever in Catalonia.

Unless Illa can form a leftist government with ERC, which tends to support the Socialist-led minority central government in Madrid by giving it parliamentary support, and with Catalunya en Comú-Podem, an alliance which includes Podemos, the junior partner in the central government, the pro-independence parties will continue to govern. That looks likely as these parties agreed during the campaign to spurn any offers from the Socialists.

ERC's leader Pere Aragonès, who became Catalonia's acting Premier in 2020 after JxCat's Quim Torra had to step down after he was barred from public office for 18 months for refusing to remove banners during an election campaign from a public building calling for the release of nine imprisoned pro-independence leaders, wasted no time in sending a message to Madrid.

'We, the pro-independence parties have a majority, we have reached more than 50% of the popular vote', said Aragonès. 'The Catalan people have spoken, the time has come to negotiate a referendum of self-determination. Please get involved'. He also wants an amnesty for the nine.

Among the nine jailed for their involvement in the illegal 2017 referendum on independence is Oriol Junqueras, the former ERC leader and Deputy Premier. It was the Supreme Court's ruling against Torra that sparked the election, which otherwise might have been held in December 2021 at the end of its term in office.

ERC takes a more gradual approach to independence than the confrontational JxCat, whose former leader, Carles Puigdemont, the Catalan Premier at the time of the referendum, fled to Belgium in October 2017.

The four pro-independence parties are trumpeting they won 50.7% of the votes but overlook the fact that they garnered 764,902 fewer votes than in 2017. Pandemic fears reduced voter turnout from 79.1% in 2017 to 53.6%.

Illa hoped to 'stitch Catalonia back together' after a decade of polarisation over independence, but that looks forlorn in a society that is now even more deeply divided.

Pandemic cases surpass 3 million

The number of people diagnosed with COVID-19 surpassed 3 million, three times that last October when the second and six-month state of emergency was declared. Meanwhile the 14-day cumulative case count per 100,000 residents fell in the last four weeks from 689 to 417 (250 is the threshold at which the government considers the country should be put on maximum alert) after hitting 900 on 27 January, following the relaxation of restrictions over Christmas and the New Year (see Figure 3). Germany's rate is below 80. The number of deaths reached 65,449.

Figure 3. Coronavirus (COVID-19) cases per 100,000 people in past 14 days by regions

| | 16 December 2020 | 18 January 2021 | 15 February 2021 |
|--------------------|------------------|-----------------|------------------|
| Andalucía | 136 | 628 | 498 |
| Aragón | 219 | 615 | 434 |
| Asturias | 209 | 318 | 416 |
| Balearic Islands | 307 | 680 | 187 |
| Basque Country | 267 | 350 | 406 |
| Canary Islands | 124 | 175 | 133 |
| Cantabria | 217 | 352 | 223 |
| Castilla y León | 180 | 911 | 508 |
| Castilla-La Mancha | 244 | 1,007 | 399 |
| Catalonia | 215 | 631 | 325 |
| Extremadura | 141 | 1,384 | 241 |
| Galicia | 170 | 484 | 374 |
| Madrid | 248 | 790 | 559 |
| Murcia | 142 | 1,082 | 287 |
| Navarre | 197 | 386 | 280 |
| La Rioja | 201 | 921 | 405 |
| Valencia | 239 | 896 | 506 |
| Spain (1) | 201 | 689 | 417 |

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

Source: Health Ministry.

Deliveries of the vaccination against COVID-19 have been slow to arrive, leading the regional government of Madrid (population 6 million) to suspend vaccinations on 27 January for two weeks. The situation began to improve Spain-wide in the middle of this month (see Figure 4).

Figure 4. COVID-19 vaccination doses administered per 100 people (1)

| | Doses per 100 people |
|---------|----------------------|
| UK | 22.9 |
| US | 15.9 |
| Spain | 5.1 |
| Italy | 4.9 |
| Germany | 4.9 |
| France | 4.4 |

(1) This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (eg, people receive multiple doses).

Source: <https://ourworldindata.org/covid-vaccinations?country=ESP~FRA~DEU~ITA~GBR~USA>.

Spain slips in EIU Democracy Index but still a 'full democracy'

Spain dropped from 16th position equal with Austria out of 167 countries to 22nd in the 2020 Democracy Index of *The Economist* on a slightly lower score but remained part of the top group of 23 'full democracies' (see Figure 5).

Figure 5. The Economist Intelligence Unit's Democracy Index, 2020 (1)

| | Rank (2) | Overall score | Electoral process & pluralism | Functioning of government | Political participation | Political culture | Civil liberties |
|---------------------------|-------------|------------------|----------------------------------|------------------------------|----------------------------|----------------------|--------------------|
| Full democracies | | | | | | | |
| Norway | 1 | 9.81 | 10.00 | 9.64 | 10.00 | 10.00 | 9.41 |
| Iceland | 2 | 9.37 | 10.00 | 8.57 | 8.89 | 10.00 | 9.41 |
| Sweden | 3 | 9.26 | 9.58 | 9.29 | 8.33 | 10.00 | 9.12 |
| New Zealand | 4 | 9.25 | 10.00 | 8.93 | 8.89 | 8.75 | 9.71 |
| Canada | 5 | 9.24 | 9.58 | 8.93 | 8.89 | 9.38 | 9.41 |
| Finland | 6 | 9.20 | 10.00 | 8.93 | 8.89 | 8.75 | 9.41 |
| Denmark | 7 | 9.15 | 10.00 | 8.93 | 8.33 | 9.38 | 9.12 |
| Ireland | 8 | 9.05 | 10.00 | 7.86 | 8.33 | 9.38 | 9.71 |
| Australia | 9= | 8.96 | 10.00 | 8.57 | 7.78 | 8.75 | 9.71 |
| Netherlands | 9= | 8.96 | 9.58 | 9.29 | 8.33 | 8.75 | 8.82 |
| Taiwan | 11 | 8.94 | 10.00 | 9.64 | 7.22 | 8.13 | 9.71 |
| Switzerland | 12 | 8.83 | 9.58 | 8.57 | 7.78 | 9.38 | 8.82 |
| Luxembourg | 13 | 8.68 | 10.00 | 8.57 | 6.67 | 8.75 | 9.41 |
| Germany | 14 | 8.67 | 9.58 | 8.21 | 8.33 | 8.13 | 9.12 |
| Uruguay | 15 | 8.61 | 10.00 | 8.57 | 6.67 | 8.13 | 9.71 |
| UK | 16 | 8.54 | 10.00 | 7.50 | 8.89 | 7.50 | 8.82 |
| Chile | 17 | 8.28 | 9.58 | 8.21 | 6.67 | 8.13 | 8.82 |
| Austria | 18= | 8.16 | 9.58 | 7.50 | 8.33 | 6.88 | 8.53 |
| Costa Rica | 18= | 8.16 | 9.58 | 6.79 | 7.22 | 7.50 | 9.71 |
| Mauritius | 19 | 8.14 | 9.17 | 7.86 | 6.11 | 8.75 | 8.82 |
| Japan | 21 | 8.13 | 8.75 | 8.57 | 6.67 | 8.13 | 8.53 |
| Spain | 22 | 8.12 | 9.58 | 7.14 | 7.22 | 8.13 | 8.53 |
| South Korea | 23 | 8.01 | 9.17 | 8.21 | 7.22 | 7.50 | 7.94 |
| Flawed democracies | | | | | | | |
| France | 24 | 7.99 | 9.58 | 7.50 | 7.78 | 6.88 | 8.24 |
| US | 25 | 7.92 | 9.17 | 6.79 | 8.89 | 6.25 | 8.53 |
| Portugal | 26 | 7.90 | 9.58 | 7.50 | 6.11 | 7.50 | 8.82 |

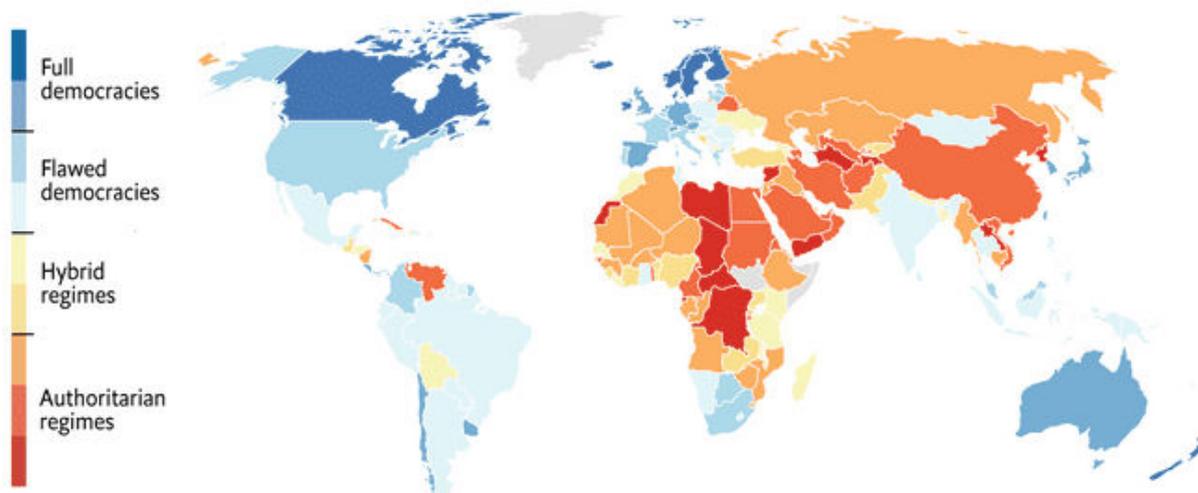
(1) Overall score out of 10.

(2) Out of 167 countries and two territories.

Source: The Economist Intelligence Unit.

The country's score fell from 8.18 out of 10 to 8.12. Spain was overtaken by Taiwan and Japan, which moved from the 'flawed democracy' category to 'full democracy' (a score of 8 or more), and by Mauritius and Costa Rica, which improved their position in the 'full democracy' classification (see Figure 6). Taiwan was the star-performer, rising 20 places to 11th.

Figure 6. The Economist Intelligence Unit's 2020 Democracy Index: 167 countries scored on a scale of 0 to 10 based on 60 indicators



Source: The Economist Intelligence Unit.

Deputy Prime Minister Pablo Iglesias, the combative leader of the hard-left Unidas Podemos (UP) and the junior partner in the Socialist-led minority coalition government, questioned whether Spain was a 'full democracy' because of the jailing of nine separatist Catalan politicians for their involvement in the illegal 2017 independence referendum and the flight (from justice) into 'exile' in Belgium of former Catalan Premier Carles Puigdemont.

Socialist Deputy Prime Minister Carmen Calvo said the rule of law prevailed in Spain. For UP, the nine are political prisoners and for the Socialists and other mainstream parties they are imprisoned politicians.

Iglesias' outburst followed remarks last month in which he compared the situation of Puigdemont to that of Republican exiles during the Franco dictatorship.

The index, compiled by The Economist Intelligence Unit (EIU), is based on five categories: (1) electoral process and pluralism; (2) functioning of government; (3) political participation; (4) political culture; and (5) civil liberties. Based on their scores on a range of indicators within these categories, each country is then classified as one of four types of regime: full democracy; flawed democracy; hybrid regime; or authoritarian regime.

Spain's scores in electoral process and pluralism, functioning of government and political culture were unchanged and dropped in political participation (from 7.78 to 7.22) and civil liberties (from 8.82 to 8.53).

The EIU believes that measures of democracy which only reflect the state of political freedoms and civil liberties are too narrow. It regards the Freedom House electoral democracy measure, for example, as a thin concept as it does not encompass sufficiently, or, in some cases, at all, the features that determine how substantive democracy is.

Spain's score since the index was launched in 2006 has varied between a high of 8.45 in 2008 to a low of 8.02 in 2011-13 (see Figure 7).

Figure 7. Overall score of Spain, France, Italy and the US in the EIU's democracy index, 2006-20 (1)

| | 2006 | 2008 | 2010 | 2012 | 2014 | 2016 | 2018 | 2019 | 2020 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| France | 8.07 | 8.07 | 7.77 | 7.88 | 8.04 | 7.92 | 7.80 | 8.12 | 7.99 |
| Italy | 7.73 | 7.98 | 7.83 | 7.74 | 7.85 | 7.98 | 7.71 | 7.52 | 7.74 |
| Spain | 8.34 | 8.45 | 8.16 | 8.02 | 8.05 | 8.30 | 8.08 | 8.18 | 8.12 |
| US | 8.22 | 8.22 | 8.18 | 8.11 | 8.11 | 7.98 | 7.96 | 8.24 | 7.92 |

(1) Out of 10.

Source: The Economist Intelligence Unit.

Births fall to 80-year low

The number of children born in the first half of 2020 dropped 4.2% to 168,047, the lowest since the National Statistics Office (INE) started to keep records in 1941 (Figure 8).

Figure 8. Births, 2013-2020, first half

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | 207,391 | 208,375 | 204,910 | 200,255 | 190,962 | 181,366 | 175,429 | 168,047 |

Source: INE.

The continued downward trend in births cannot be attributed to the COVID-19 pandemic as children born in the first six months of last year were conceived in 2019, before the onset of coronavirus. Spain's birth rate is already one of the lowest in the world at 1.2 children per woman (see Figure 9).

Figure 9. World fertility rates (births per woman)

| | Births per woman |
|---------------|------------------|
| France | 1.9 |
| US | 1.7 |
| UK | 1.7 |
| Germany | 1.6 |
| Japan | 1.4 |
| Italy | 1.3 |
| Spain | 1.2 |
| Taiwan | 1.1 |
| World average | 2.4 |

Source: World Bank, latest figures.

The sharp decline (60.8%) in the number of weddings in the same period (see Figure 10) and the low number of conceptions because of the pandemic pointed to a steeper decline in births in the second half of 2020. Most children in Spain are born in wedlock, though that situation has radically changed in the last 40 years. In 1981 4.4% of children were born out of wedlock and in 2020 more than one-third.

Figure 10. Weddings, 2013-20, first half

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------|--------|--------|--------|--------|--------|--------|--------|
| 68,880 | 68,855 | 70,480 | 73,307 | 73,997 | 72,825 | 72,321 | 28,327 |

Source: INE.

The pandemic's biggest impact is seen in the 19.6% rise in the number of deaths (see Figure 11).

Figure 11. Deaths 2013-20, first half

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------|---------|---------|---------|---------|---------|---------|---------|
| 200,491 | 204,464 | 226,190 | 210,300 | 221,700 | 227,766 | 219,350 | 262,373 |

Source: INE.

Early school-leaving rate inches down to 16%

The proportion of 18-24-year-olds who left school at 16 last year dropped to 16% from 17.3% in 2019, but this was still above the EU average of 10% and the EU target of 15% for 2020 (see Figure 12).

Figure 12. Early leavers from education and training, 2006 and 2020 (1)

| | 2006 | 2020 |
|--------------|-------------|-------------|
| Spain | 30.3 | 16.0 |
| Italy | 20.4 | 13.5 |
| EU-28 | 14.2 | 10.2 |
| Germany | 13.7 | 10.3 |
| France | 12.4 | 8.2 |
| UK | 11.3 | 10.9 |

(1) The percentage of those aged between 18 and 24 who have only lower secondary education or less and are no longer in education or training. Except for Spain, the figures are for 2019.

Source: Eurostat.

The rate for girls (11.2%) was considerably better than for boys (20.2%), and there were considerable differences by regions (21.8% in Andalucía and 6.5% in the Basque Country).

The Economy

Tourism prospects threaten to weaken economic recovery

The extent to which the economy recovers from the historic 11.1% fall in output last year will largely depend on the key tourism and hospitality sectors, pulverised by the pandemic and showing no signs of any significant upturn in the face of the virulent third coronavirus wave and more infectious strains.

The 77% fall in visitors from 84 million in 2019 to 19 million in 2020, the lowest number since 1969, ended a seven-year run of annual records. Earnings from foreign tourism plummeted from €92 billion to €20 billion. The tourism sector's importance in the economy fell from 12.3% of GDP to around 4%. Up to two-thirds of the GDP shrinkage in 2020 was due to tourism and largely explains why Spain's recession was the EU's deepest.

More broadly, the hospitality sector is on its knees because of restrictions and curfews in a country that, according to a 2019 report by the National Statistics Institute (INE), has the most bars and restaurants in the world per capita (one for every 175 people). The tourism and hospitality sectors account for 26% of GDP in a normal year, five points more than the EU average.

Around 500 hotels have closed over the past year, according to the main business federation, and more than half of bars (55%) were closed at the end of January.

Prospects for a good kick-off to the tourism season during *Semana Santa* (Easter Week) in April are bleak, and few forecasters see a bright summer, depending on infection rates, the success of vaccination campaigns and travel restrictions between countries. The government believes the introduction of a coronavirus record vaccination card would encourage international tourists.

With household savings at a high level, because there is little to spend it on, the ray of hope is that most Spaniards will holiday at home, although Bank of Spain Governor Pablo Hernández de Cos says ‘the capacity of domestic tourism to compensate for foreign tourism is relatively little’.

The IMF lowered its growth forecast from 7.2% to 5.9% (see Figure 13), something which the government has yet to do (see Figure 14). The European Commission estimates growth of 5.6%, the strongest recovery in the EU after the deepest fall, and 5.3% in 2022. Spain would not recover its pre-pandemic GDP until the end of next year.

Figure 13. IMF's economic growth forecasts for 2021 and 2020 estimates

| | 2021 | 2020 |
|--------------|------------|--------------|
| France | 5.5 | -9.0 |
| Germany | 3.5 | -5.4 |
| Italy | 3.0 | -9.2 |
| Spain | 5.9 | -11.1 |
| Euro zone | 4.2 | -7.2 |

Source: IMF.

Figure 14. GDP growth 2012-21

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021(f) |
|------|------|------|------|------|------|------|------|-------|---------|
| -3.0 | -1.4 | +1.4 | +3.8 | +3.0 | +3.0 | +2.4 | +2.0 | -11.0 | +7.2 |

Source: INE except for 2021 which is the government's latest forecast.

Consumer weakened in January, reflecting the rising number of infections and suggesting Spain risks a fresh contraction in the first quarter of 2021. Sales of cars, a good barometer of recovery, were 5.1% lower in January than a year earlier, the steepest drop since the series began in 1989. Close to 50% of companies consulted by Deloitte said they did not expect to recover their pre-pandemic business levels until 2022 and 20% during the second half of this year.

The stated unemployment rate, based on quarterly household surveys, ended 2020 at 16.1%, more than double the EU average and up from 14% before the pandemic. Youth unemployment (18 to 24-year-olds) reached 40.9%. The number of jobless rose by 527,900 to 3.71 million, excluding 755,000 furloughed workers. The rate was lower than the more than 20% predicted by international organisations such as the OECD and reflected the success of the job retention scheme (ERTEs), which has been extended until the end of May and could be further prolonged.

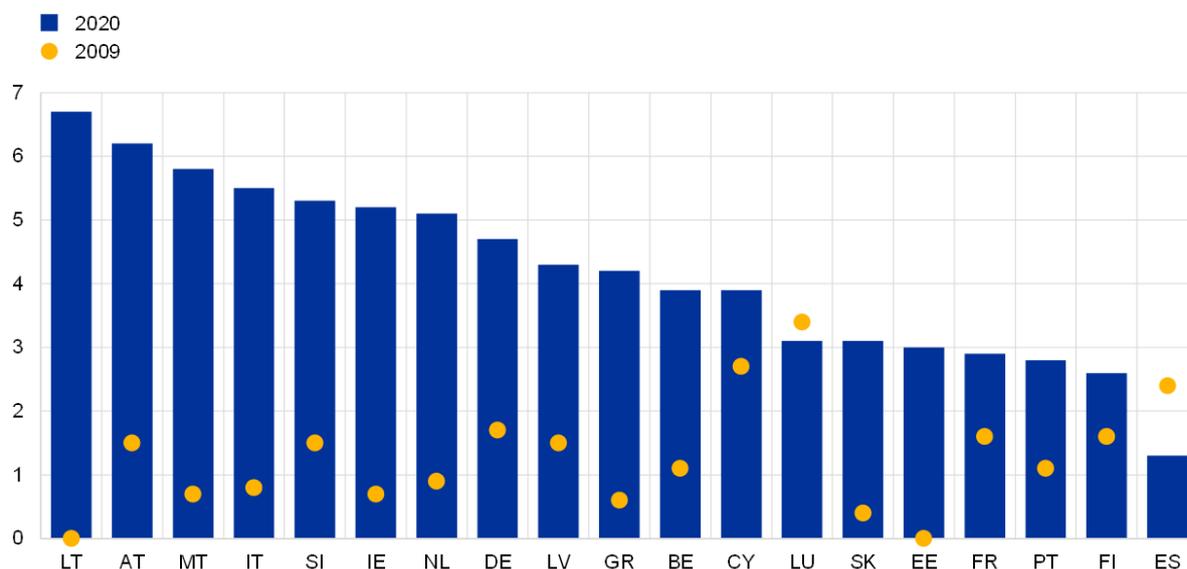
There has been little structural job destruction. Nevertheless, all members of working age in 1.19 million homes are unemployed. Almost 219,000 jobs were shed in January, according to the government's INEM offices where the unemployed register.

The forecasts do not incorporate the impact of the EU's Next Generation programme, which should boost domestic demand. Spain is set to receive €140 billion in the period 2021-26. Its plan on how to use this tsunami of funds gained parliamentary approval this month thanks to the 52 MPs of the hard-right VOX abstaining, as the Popular Party, the main opposition, and the Cs voted against it.

In a bid to increase employment, the government is going to pilot a four-day week in a small number of companies at a cost of €50 million. This was proposed by the small left-wing party *Más País* in return for supporting the government's deal on EU recovery funds. Financial aid will be provided to those firms that cut the working week to 32 hours with no loss of pay.

Spain's fiscal response to COVID-19 has been the lowest in the euro zone, according to the European Central Bank (ECB). Its measures accounted for 1.3% of GDP compared with an average of more than 4% (see Figure 15). The government disputes the ECB's methodology for the calculations, as it excludes, among other things, the €40 billion cost of the job retention scheme (ERTEs), which has been extended until May, and the €16 billion regional fund for health and education. The Finance Ministry says including these and other measures, Spain's response represented 5.5% of GDP.

Figure 15. Sum of fiscal measures related to COVID-19 with a budgetary impact in 2020 compared with gross discretionary stimulus in 2009 (% of GDP)



Source: European Central Bank.

Spain ranked among Top 20 countries in carbon-free index

The Massachusetts Institute of Technology's 2021 Green Future Index ranked Spain 18th out of 76 countries that have made the most progress and commitment towards building a carbon-free future (see Figure 16).

Figure 16. Green Future Index

| | Score out of 10 |
|------------------|-----------------|
| 1. Iceland | 6.5 |
| 2. Denmark | 6.4 |
| 4. France | 6.0 |
| 7. Costa Rica | 5.8 |
| 11. Germany | 5.6 |
| 17. UK | 5.4 |
| 18. Spain | 5.4 |
| 76. Qatar | 2.6 |

Source: Massachusetts Institute of Technology.

The index consolidates scores given to each country across five pillars: carbon emissions, energy transition, green society, clean innovation and climate policy. Spain's best score was in climate policy (6.2, 9th best) and its worst in energy transition (2.6, 67th).

Corporate Scene

Navantia wins US Navy contract

Navantia won the contract worth €822 million to repair and maintain US destroyers and other ships stationed at the US Naval Base at Rota in southern Spain. The contract will guarantee 1,000 jobs a year until 2028.

Last year Navantia lost the contract worth up to US\$5.58 billion to Italy's Fincantieri to supply frigates to the US Navy.

Cellnex expansion continues with €5.2 billion French purchase

The mast operator Cellnex agreed with Altice France and Starlight Holdco to acquire 100% of Hivory for €5.2 billion. This will give it 10,500 more cellphone towers.

The purchase followed the acquisition last year of CK Hutchison's 24,600 cellphone towers in Europe and a 60% stake in Poland's Play, which has 7,000 masts.

Santander posts its first-ever loss

Santander, the euro zone's second-largest bank by market capitalisation, made a loss of €8.77 billion in 2020, its first ever, because of bad loan provisions due to the impact of the coronavirus on its accounts and hefty writedowns on previous acquisitions.

The bank's core markets, particularly Brazil and Spain, have been hard hit by the pandemic and there was an impairment of €12.6 billion in the value of its subsidiaries in the UK, the US and Poland.