

SPAIN: THE GLASS HALF FULL

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The country must leverage its strengths, give a new direction to the economy and foster optimism so as to build a bright future, says Eduardo Gómez

The deep economic crisis in Spain revolves around three key aspects: real estate, finance and debt.

But there is an important element that is compounding the devastating effects of this crisis – the lack of confidence.

Negative media coverage, both national and international, continually reports on the defeatist attitude and anxiety of businesses, investors and individuals, causing a state of paralysis – and in the case of investment, its withdrawal. The continued lack of confidence and optimism does nothing but worsen the crisis and prevent us from conquering it.

Statistics

According to the latest research from the Grant Thornton International Business Report (IBR), a quarterly survey of 12,500 businesses in 44 countries, the confidence index of Spanish business leaders on the economy outlook in 2013 stands at 67 – the worst result in the 20-year history of this study. (The confidence index is the proportion of companies reporting they are optimistic minus those that are pessimistic.)

But although the serious impact of the crisis, especially the desperately high rate of unemployment, justifies our optimism deficit, we must react and leverage our strengths, give a new direction to our economy and build a bright future.

Strengths

We are the fourth largest economy in the Euro zone, and, while the crisis and the credit crunch are constraining our businesses, we have many innovative companies with a growing international presence. Some of them have become global leaders in their respective sectors over the last two decades – finance, infrastructure, textiles, energy, tourism, biotechnology, food and agriculture, for example.

Behind the scenes, our society and companies are driving the recovery of an economy that should begin showing signs of improvement in the coming months.

And the five years that we have been suffering this crisis should not be lost years. Our country and companies should come out of it transformed – in fact there is already data pointing in this direction. Productivity per employee has grown by 11.1 percent from early 2008 to 2012, the largest increase in the Euro zone. Additionally, our exports, boosted by an improvement in competitiveness, have experienced higher growth than the Euro zone average, reaching 7.9 percent in January, which was more than double the average (3.7 percent) and a much higher rate than Germany (3.1 percent) and France (0.4 percent) over the same period.

Spain, amidst a worldwide crisis, is one of the OECD countries losing the least export market share: only 0.2 percentage points compared to 2.4 points lost by France, or the 4.1 of the US.

Today there are 8,620 foreign affiliates operating in Spain (23 percent more than before the crisis) and foreign investors continue to rank our country among the top 10 in terms of the prospects of foreign direct investment, according to the latest World Investment Report by United Nations. Also, the country's entrepreneurial spirit is demonstrated by the creation of 335,000 new businesses each year, just eight percent less than before the crisis.

Believing in Spain

At Grant Thornton we keep a positive attitude to enable us to help our clients to unlock their potential for growth and address the challenges their businesses are facing. Because we believe in the capacity of innovation and leadership of our companies worldwide, Grant Thornton Spain created and published a video highlighting some of our achievements and put our companies and society at centre stage for their good work, which is so often overshadowed by negative press. (The video can be found on YouTube.)

The acceptance of this video, titled 'A different view on the Spanish crisis', is a clear indication that our firm call for a positive attitude is supported by many business leaders and Spaniards. It has exceeded 1.2 million views on YouTube – a number never seen for a video coming from an accounting firm. However, what is even more important is the positive feedback received from top-level economic and political figures, both in and outside Spain, and the requests from dozens of

companies and institutions to use this video for their internal and external communications. Optimism is the necessary driver to end this conservative period. It is not about denying the reality of the situation, it is about understanding the whole picture in order to be able to react, find solutions and opportunities. The end of the crisis can be only achieved with talent, work and optimism.

Eduardo Gómez is Chairman of Grant Thornton in Spain.

La crisis económica en España se centra en tres sectores clave: el de la construcción, el financiero y el de deuda. Pero además hay un componente devastador que es la falta de confianza. España debe transmitir su potencial, reorientar la dirección de su economía y transmitir optimismo para construir un futuro exitoso, afirma Eduardo Gómez de Grant Thornton Spain.