

Projecting Spanish soft power

INTERVIEW WITH CARLOS ESPINOSA DE LOS MONTEROS

HIGH COMMISSIONER OF THE SPANISH GOVERNMENT FOR MARCA ESPAÑA (BRAND SPAIN)



CARLOS ESPINOSA DE LOS MONTEROS

has been High Commissioner of the Spanish Government for Marca España (Brand Spain) since July 2012.

He has had a long and varied career in both the public and private sectors including as Chairman of the board of DaimlerChrysler Spain Holding for over 20 years and CEO of Mercedes Benz Spain. He holds a master's in Business Administration from the Northwestern University and has been a professor of International Economics at ICADE business school.

How did Brand Spain come into being and what are the parameters of its remit?

Brand Spain was created exactly five years ago, on 3 July 2012, as a response to the deterioration of Spain's image in the international media at that time. This was having a knock-on effect on the country's risk premium, which had risen for three months in a row, to over 600 points.

Following the European Central Bank bailouts of Greece, Portugal and Ireland, there was a 'received wisdom' in the markets that Spain would be next, so the government decided to intervene, to counteract or rebalance the relentlessly negative coverage the country was getting. At that time, there were a number of different agencies, both public and private, carrying out similar activities in different sectors and through different channels, so our purpose was twofold: to improve the image of Spain abroad, and to coordinate the activities of the public and private sectors.

We started by setting up a Board of Directors, comprising the Minister of Economy, Ministry of Culture, Ministry of Foreign Affairs, Spanish state television, the national financing agency and some representatives of the public sector. We then drew up a plan of action and a map of 20 priority markets – later expanded to 25 – in which these activities would take place.

The countries in question accounted for 70 per cent of Spanish exports, 80 per cent of foreign direct investment in Spain, and more than 85 per cent of our overseas visitors, and we set about creating a plan for each. By bringing the private sector on board, we were also able to present success stories of successful Spanish investments abroad and gains in international exports, as well as publicising attractive investment opportunities in Spain as a result of the fall in asset prices.

How successful has the initiative been to date?

Well, the macro-economic figures speak for themselves. All the main indicators have shown a big improvement, from the risk premium, which has fallen from 600 points to between 100-120 in the last six months, to the deficit, which has come down year on year from 11 per cent to an expected 3 per cent by the end of this year. We have made big gains in our balance of trade, our GDP growth has moved from negative territory in 2011 to 3 per cent today, and our unemployment figure has fallen from 26 per cent to 18. All these indicators show that in the past five years Spain has gone from being a problem for the

EU to an example to its other members, in the words of the President of the European Union.

It's not easy to put a figure on Brand Spain's own contribution to this improvement, but we estimate that some 10 per cent of the gains are due to our activities.

What we sought to do, in essence, was to recover something that we had lost – namely, confidence. It seemed that most people, both inside and outside Spain, had lost confidence in the country's future. We believed that the economic aspect was the key to this, so we spent a lot of time talking to investors, traders and financial institutions.

Our other main focus was to draw attention to Spain's many positive attributes beyond the purely economic, to our rich history and traditions, but also to our modernity. Solidarity, for example, is one of our key characteristics, which is why even when we were in the depths of the financial crisis there was no social unrest here. Another is diversity: diversity of landscape, of climate, of culture. We are a country in which foreigners are welcome and settle easily. We do not suffer from xenophobia, or discriminate against people on the grounds of their sexuality.

Spain is a country which is open, flexible, and able to embrace and deal with change and reform – much more than some of our neighbours in continental Europe.

One of the key tenets of our national character is our enthusiasm for the European Union, which stems from the fact that we were isolated from the rest of the continent for so long. This is why we haven't suffered from the angst experienced by some other countries – most notably the UK – about ceding sovereignty to Brussels.

Do you see Spain playing a stronger role in Europe post-Brexit – carrying the torch, for free markets?

We are firm believers in the free market, which is why we have been aligned with the UK in many policy initiatives, rather than with France and Germany. This is why we regret Britain's decision to leave, because the UK acted as a counterbalance to some of the more statist instincts of the others.

Spain was closed and isolated for most of the 20th Century, and each time we opened the window to free trade, we took a leap forward. As a result, we associate the removal of barriers and tariffs with progress, which is why we will be in the group of countries seeking a special relationship with the UK that would guarantee continued free trade between Britain and the rest of the EU. **E**