Beat: Business

Spain looks confidently towards 2025

Experts believe it has a “bright future”

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USPA NEWS - Spain looks confidently, but also cautiously, towards the year that is about to begin. The country has “a bright future”, according to the director of the Caixabank Business Area, Diego Saugar Segarra. The scenario that is presented is “quite good”, adds the chief economist of Caixabank Research, Luis Pinheiro de Matos. Both participated on Wednesday in a conference on the “Economic Perspectives 2025”, organized by the Federation of Companies of La Rioja (FER in its Spanish acronym) in collaboration with the bank.

The year 2025 is “loaded with challenges”, said Diego Saugar. His colleague Luis Pinheiro added that Spain is entering the new year with a certain economic growth, declining inflation and moderately high interest rates. He called it “an orderly landing”. But this is the case of Spain; in the Eurozone, the twenty-seven countries are entering 2025 at different speeds. Pinheiro provided figures: China's GDP has changed this year by 23.7%; the United States' by 11.4%; Spain's by 6.9%; and the Eurozone's by 4.6%. Europe is at the bottom, but only because among the countries that make up Europe there are those in a good position to start and those that are starting off further behind.

In Spain, businessmen feel "sadness and vulnerability," said the president of the FER, Jaime García Calzada. This mood does not improve, given the uncertainties that 2025 will bring. "We are coming out of a scenario of great uncertainty," explained Luis Pinheiro, "with low consumer confidence. And Donald Trump's victory in the United States adds uncertainty to the global environment." Among the EU countries, Germany and Italy are the most exposed to political changes in the United States. Among companies, pharmaceutical companies and the automobile sector on the continent are more vulnerable. In Spain, industrial machinery, transport and mining are the sectors most exposed to the changes that the US president-elect may introduce.

But, overall, Spain's exposure is "relatively low," according to Pinheiro. The chief economist at Caixabank Research attributes this to the fact that, in the third quarter of this year, Spain has shown "remarkable dynamism." The rising GDP facilitates robust growth in the Spanish economy, which is helped by falling inflation. The summer, especially in the tourism sector, was very good in Spain.

Gregorio Izquierdo Llanes, director of Economics at the Spanish Confederation of Business Organizations (CEOE in its Spanish acronym), agrees with these good impressions. "The global environment has improved and the risk of recession with which we began 2024 has dissipated," he said. Izquierdo Llanes warned, however, that the war in Ukraine "has ended the EU's economic model." In 2025, “the world is going to be different.”

The CEOE director of Economics admitted that Spain is growing, but warned that “2.5 points of that growth are from public consumption, which does not generate wealth; it generates deficit and, rather than helping, it distorts.” Public debt, he added, “is a risk.” Gregorio Izquierdo believes that “consumption has to regain a certain prominence,” but he speaks of private consumption. “Public consumption worries us a lot because of the inefficiency of public spending.”

One in four Spanish companies is in crisis, he said, and explained that “industry is much worse off than services and small companies are much worse off than large ones.” He blamed this on the rise in labor costs decreed by the Socialist government headed by Pedro Sánchez, because “it affects job creation.” Labor costs continue to grow in Spain by 3%.

Izquierdo Llanes called for “being cautious with the approval of new laws and with tax increases.” In this regard, he considered that in 2025 growth “will be more moderate” for Spain than for other countries in its environment. Even so, he stated that there is already greater private consumption and a recovery in credit for companies and for consumption. But he warned that public debt remains very large.

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