

# SPAIN PLANS TO MODERNIZE THE COUNTRY WITH EUROPEAN FUNDS



Spain was allocated 140 billion euros by Brussels to recover its economy. According to the prime minister, the European funds will be used from 2021 to 2026 to modernize the country.

This plan should be seen as "a roadmap for the modernization of our country for the next six years", whose objective is to "turn the hard blow of the pandemic into a huge opportunity," said Spanish PM Pedro Sánchez.

**Approximately half of the European funds will be disbursed in the form of non-refundable grants, and the other half in the form of loans.**

The first instalment of 72 billion euros will be released over the period 2021-2023 to finance "projects that can be implemented in three years and allow a leap in modernization and job creation," he said. In accordance with the objectives set by the European Commission, public investment related to ecological transition will represent "more than 37% of the total plan" and those related to digital transition "close to 33%".

"It is not only a question of recovering the GDP that the pandemic has taken from us, it is a question of growing in a new, more sustainable way," the Socialist leader emphasized.

**Unemployment Rate at 17%.**

Spain, one of the European countries most affected by the pandemic, which has notably wiped out tourism, the mainstay of its economy, will be the second-largest beneficiary of European funds after Italy.

As a sign of the seriousness of the crisis, the government announced Tuesday that the Spanish GDP is expected to fall by 11.2% this year, two percentage points more than expected in May. **The unemployment rate will jump to 17.1%, as will the public deficit, which is expected to reach 11.3% of GDP this year.** Public debt already exceeded 110% of GDP in the second quarter.

The air traffic in the country fell by about 60% between January and September due to the effects of Covid-19. Domestic flights, with a total of 176,644, have been the ones that best evolved throughout the year with a fall of 46.4%, while international flights, with 358,094, have been reduced by 63.2%.

As to the accommodation sector, the overnight stays in non-hotel accommodation (tourist apartments, campsites, rural tourism accommodation and tourist hostels) exceeded 14.7 million in August, representing a 41.8% decrease compared to the 25.3 million overnight stays registered in the same month of 2019, as reported by the National Institute of Statistics (INE).

The "Next Generation EU" mega-plan, currently under discussion in the European Parliament, includes a total of 750 billion euros to help member states boost their economies.

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