



Foreword by Miriam Cruz, Country Manager - Iberia & Latam

The ten-month political deadlock which ended in October didn't stifle Spain's economic recovery as many feared it would. With annual growth set at 3.2 percent, it's fair to say the year ended positively; 2016 also being the third consecutive year Spain has enjoyed favourable economic conditions. Although the rate of growth is expected to slow over the next few years, it will likely still exceed 2.5 percent - year-on-year - at least until 2020.

There are various factors driving Spain's resurgence. Firms expanding overseas have boosted exports, of course, though consumer spending has perhaps been a more prominent catalyst. It was Spain's shoppers, in the main, which helped the European grocery industry grow at its fastest rate for a year in 2016. At 3.6 percent, the performance of the Spanish sector far outstripped that of its peers' in Germany, the UK, France and Italy.

Job creation is another major contributor to growth and recent reports suggesting that Spain's unemployment rate will fall below 17 percent in 2017 is a further sign of a country heading in the right direction. Around 500,000 jobs will be created this year surpassing 2016's record by 30%, and confirming an overall 10 percent reduction in unemployment from its peak back in 2013.

So, what are the negatives? Well ... despite these improvements in the data, its salaries that have taken a hit for Spain's progress. This is certainly reflected in the results of our 2017 salary survey. A recent study confirmed that salaries in Spain are 17.8 percent lower than average wages in the EU, and the average monthly wage in Spain hasn't changed, for better or worse, since 2013. Further analysis of the economic situation reveals that inhibiting wage growth, however, has been a major factor in facilitating a competitive business environment at home while positioning Spain as a contender in international markets.

Incremental economic growth together with expected job creation this year suggests the employment market would benefit from salary increases in 2017. One of the knock-on effects of lower unemployment has been a reduction in overall productivity due to the high number of temporary jobs coming on to the market. The pressure is on, therefore, for Spanish companies to create better, more highly paid jobs to help reduce the precarity of the employment market, while accelerating growth and acting to offset the pressure of the rising prices of food and fuel on consumers.

We hope you enjoy reading the report and find the perspectives offered to be useful. Should you have further questions, please do not hesitate to contact a member of our team who would be more than happy to clarify any of the information presented.