

Big in America?

Spanish firms hope to benefit from America's stimulus plan.

American companies are not the only ones hoping for a boost from Barack Obama's economic stimulus plan. Spanish firms are also positioning themselves to benefit from what they call el Plan Obama. Other foreign companies are jostling for some of the \$317 billion of intended spending, but Spain is the only country to have built a campaign around it.

The country's golden couple, crown prince Don Felipe and his wife Letizia, launched a "Made in/Made by Spain" campaign in New York last month to put Spanish firms on the map. The scale of the opportunity is "extraordinary", says Spain's industry minister, Miguel Sebastian. He reckons Spanish firms are eligible for at least \$71 billion of contracts. That is as much as Spain is spending on its own €50 billion (\$67 billion) stimulus package, which has failed to prevent unemployment from topping 15%. The figure is expected to hit 20% as the country suffers a painful comedown from its construction-led boom. Spanish officials hope extra business in America will help make up for a lack of growth at home.

Spanish companies think they are especially well-placed to benefit from the American stimulus because two of the scheme's main pillars are spending on renewable energy and infrastructure—industries in which Spain is particularly strong. America aims to double the production of energy from renewable sources in the next three years. Iberdrola, Spain's largest power company, is a world leader in wind power and the second-biggest wind operator in America after Florida Power and Light. Two other big Spanish firms, Acciona and Abengoa, are also active in this field.

Mr Obama's plan to invest in infrastructure, such as airports and high-speed trains, sits neatly with another of Spain's strengths. Of the ten biggest construction firms specialising in transport, six are Spanish. Spanish firms, including Ferrovial, ACS, OHL and FCC, have pioneered public-private partnerships in the construction and operation of infrastructure in Florida, Illinois, Texas and other states, some of which already benefit from federal funding.

The timing is right for other reasons. Spain's relations with the previous American administration became strained after Spain withdrew its troops from Iraq in 2004. The arrival of Mr Obama represents something of a clean slate—though Spain's recent unilateral withdrawal of soldiers from Kosovo, without warning, has not gone down too well in Washington.

Despite the optimism, however, Spain should probably not pin too much hope on el Plan Obama. Even if Spanish firms win some big contracts, most of the jobs will go to Americans, not Spaniards, and they will pay taxes in America. Any profits will either be reinvested by the Spanish companies or paid in dividends to shareholders, some of whom are foreign. Going in too strong also carries other risks, including a protectionist backlash. The stimulus package already includes "Buy American" provisions requiring some materials, such as steel, to be sourced in America.

There is also scepticism about whether Spain's marketing campaign can really do much to change stereotypes of bullfighting and flamenco. "Efforts to promote a country brand are expensive and of doubtful effectiveness," says Mauro Guillen, a professor at the Wharton School of business. At least the latest campaign, organised by the Instituto Español de Comercio Exterior, is a more targeted affair than previous efforts. It will showcase specific companies and industries in a few big American cities.

Although some companies are happy to let Spain lobby on their behalf, others are reluctant to fly the flag. Often they are competing fiercely with fellow Spaniards for contracts. And some Spanish giants prefer to be seen as global firms with a local presence in America. They would rather emphasise their expertise in a specific industry and play down their nationality.

There is a widespread lack of knowledge about Spain in America, notes Javier Noya of the Real Instituto Elcano, a think-tank in Madrid. His organisation recently conducted a survey which found that 40% of Americans believe Placido Domingo, a famous Spanish opera singer, is Italian. In that context, getting Americans to recognise the technological prowess of Spanish companies looks a little ambitious.

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