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ECONOMIC GROWTH AT FASTEST IN 20 YEARS

Madrid. — Spain's economy expanded at its fastest pace in two decades last year but slowed down in the fourth quarter as public and private spending slipped amid soaring inflation.

Gross domestic product grew 5% from a historic 10.8% slump the previous year, preliminary data from the National Statistics Institute (INE) showed yesterday.

That marked the fastest growth since 2000 but missed the government's 6.5% target.

In September, the INE made an unprecedentedly sharp cut to its first and second quarter growth readings that threw out all forecasts and triggered a wave of downward revisions, but the government stuck to its bullish forecast.

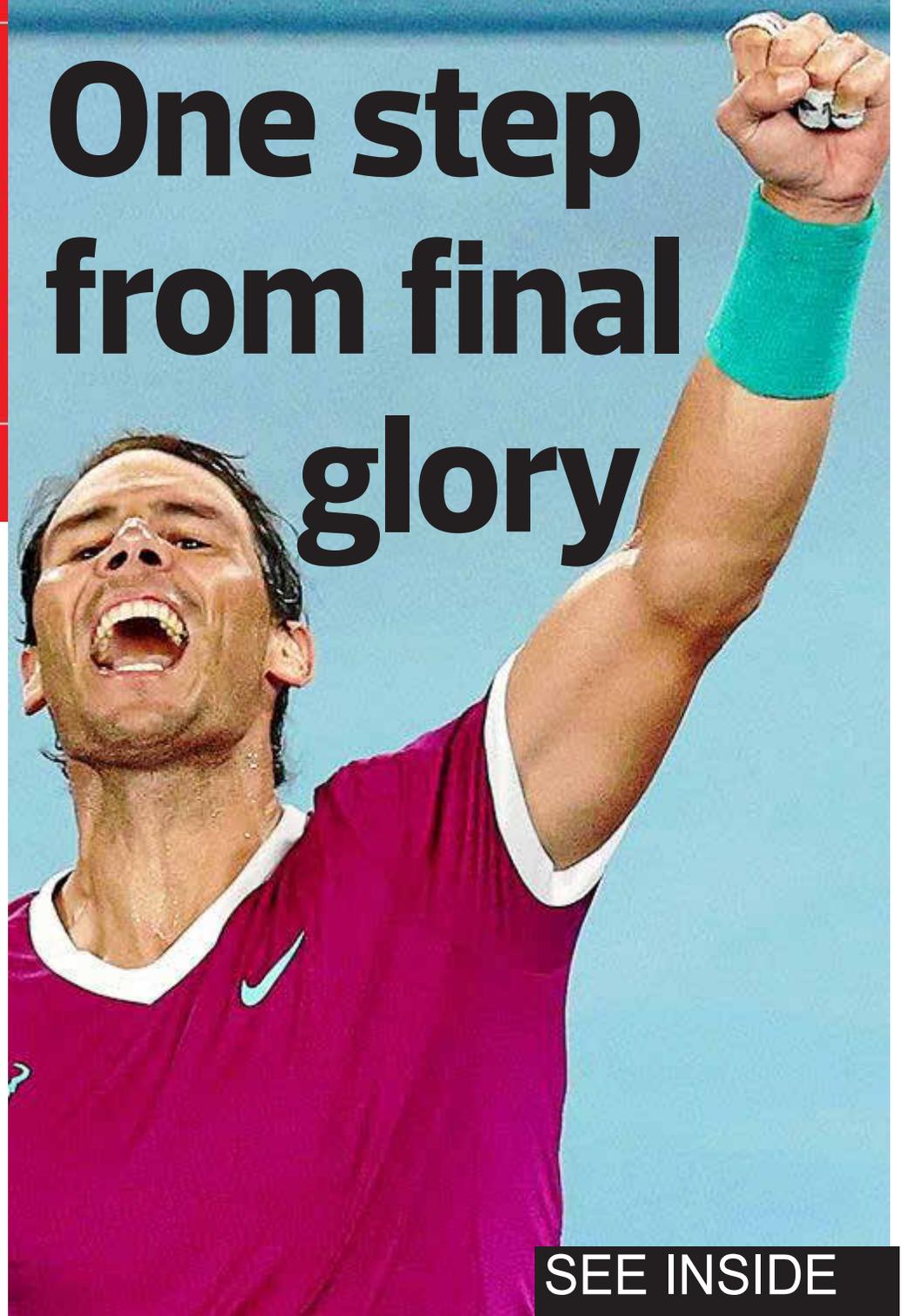
While Spain has so far lagged behind neighbouring France, which posted 7% annual growth after a milder contraction in 2020, it fared better in the fourth quarter, likely due to its light touch approach to the spread of Omicron. Despite lower spending, an 8.5% jump in investment drove 2% quarter-on-quarter growth in the October-December period, slowing from the 2.6% during the previous three months but comfortably

beating a 1.4% forecast from analysts polled by Reuters. France's economy grew by just 1.7% over the same period.

Agriculture was Spain's fastest expanding sector over the quarter, growing by some 9% as the economically vital autumn grape and olive harvests got underway. In annual terms, the economy grew 5.2% from the fourth-quarter of 2020, led by a 19.4% leap in the hospitality sector, which has benefited from the widespread rollout of coronavirus vaccines and the lifting of restrictions on socialising.

Social Security Minister Jose Luis Escrivá said a delayed recovery in tourism, which accounted for some 12% of GDP before the pandemic, was still holding back growth but he pointed to solid jobs data as a reason for optimism. Unemployment is at its lowest level since before the financial crisis while job creation was at its fastest since 2005 last year, helping drive record tax collection. Bolstered by the arrival of more European Union recovery funds and an expansive budget, the government expects 7% growth this year, although the central bank forecasts a more modest 5.4% expansion.

One step from final glory



SEE INSIDE

Police move to limit Downing Street parties report

London. An inquiry into COVID-19 lockdown-breaking gatherings in Downing Street that might determine the future of British Prime Minister Boris Johnson could be further delayed after the police asked for the report to make only "minimal reference" to those events.

Johnson, facing the gravest threat to his premiership over the alleged lockdown-busting parties at his residence and office at Number 10, has so far weathered growing calls to resign over the events, asking for lawmakers to wait for the report. Led by senior civil servant Sue Gray, it is looking into

several allegations that staff, and Johnson, attended parties in Downing Street in breach of the rules they had themselves imposed on the population to fight the coronavirus pandemic. It had been expected to be released this week but that time scale was derailed when on Tuesday, London's Metropolitan Police said they had opened an investigation into some of the events to assess whether criminal offences had been committed. The force has itself faced criticism for initially declining to investigate the allegations. Officials are working on ways to publish Gray's re-

port without compromising the criminal investigation, and some lawmakers fear that it will be watered down. It could, some lawmakers say, also be delayed. "For the events the Met is investigating, we asked for minimal reference to be made in the Cabinet Office report," the police said in a statement, referring to the department which supports the prime minister and helps implement his policies. "The Met did not ask for any limitations on other events in the report, or for the report to be delayed, but we have had ongoing contact with the Cabinet Office."