ECONOMIC OVERVIEW

January 2013

Department
of Economics
ESADE

Sabadell

Economic Overview

GLOBAL ECONOMY

Slowing growth and uncertainty

A global economic recovery still looks uncertain and is threatened on various fronts. The global economy grew by 3.3 % in 2012 and this figure will rise to just over 3.5 % in 2013. Developed economies, on average, are growing at a slower rate: 1.3 % in 2012 and 1.5 % in 2013. By contrast, developing economies generally show a greater capacity for growth: on an aggregate level of 6.2 % in 2012, with 5 % expected for 2013.

However, these aggregate figures mask quite disparate realities. Among the developed economies, the eurozone is almost stagnant, while other economies, such as the United States, Canada and Japan, will grow by closer to 2 % in 2013, though by no means will they escape the uncertainties. Among the developing economies, the emerging countries of Asia show the best figures, although all other developing regions are also growing. Latin America, Eastern Europe, North Africa and the Middle East, and even sub-Saharan Africa are generally expected to have growth figures in excess of 4 %.

The slower growth in developed countries has also slowed the development of emerging export powers. Commodity exporters have been hit by falling prices driven by the drop in market activity. Moreover, monetary policies in many developing countries have intensified their focus on inflation and the health of the financial system – controlling credit growth – which has had the effect of slowing domestic demand.

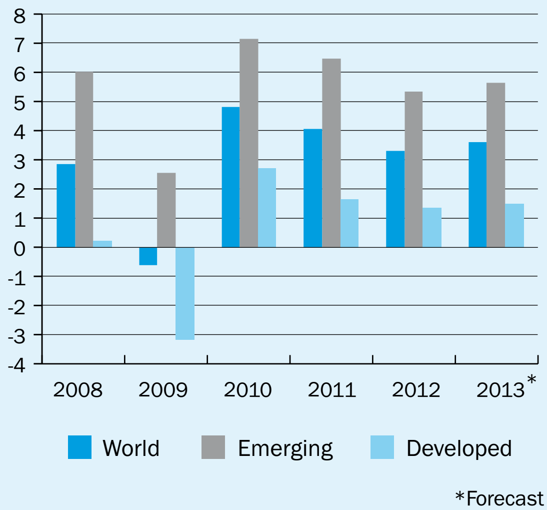
Fiscal adjustments will be kept in place in virtually every developed economy to bring public finances and debt to more sustainable levels. In contrast, developing economies do not need this type of intervention and can afford to adopt expansive fiscal policies in the event of an unexpectedly severe slowdown.

In an attempt to offset fiscal tightening, developed countries have adopted – and should maintain – clearly accommodative monetary policies. In developing countries, there are cases of greater rigour, where inflation is on the rise or where there are doubts about the strength of the financial sector, but in general an expansive tone is being maintained.

> The main downside risks for next year come from the developed economies, especially with respect to how the eurozone crisis will be resolved and the serious fiscal difficulties that the US economy will face in 2013

The main downside risks for next year come from the developed economies and are considerably high, especially with

GDP GROWTH RATE (%)



Source: FMI

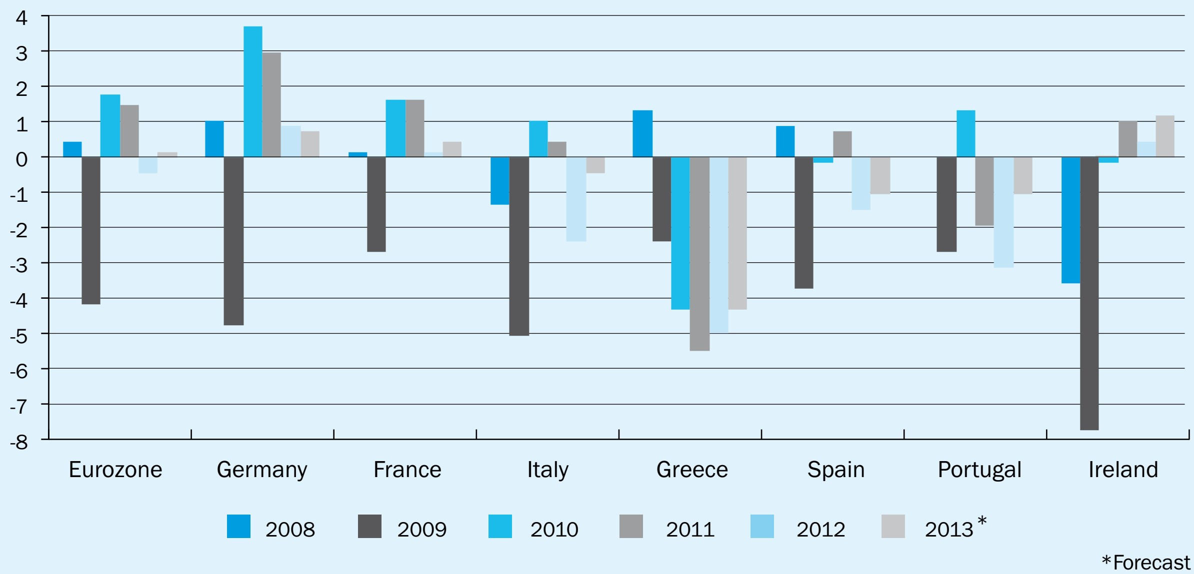
respect to how the eurozone crisis will be resolved and the serious fiscal difficulties that the US economy will face in 2013. To a lesser extent, there is also the possibility of oil price hikes caused by geostrategic factors and the danger that globally high public debt levels, in a state of wavering expectations, may produce a rise in interest rates and bring about unexpected changes in fiscal policy, with increased intervention in areas where this has, as yet, not been required.

EUROZONE

Stagnation forecast for 2013

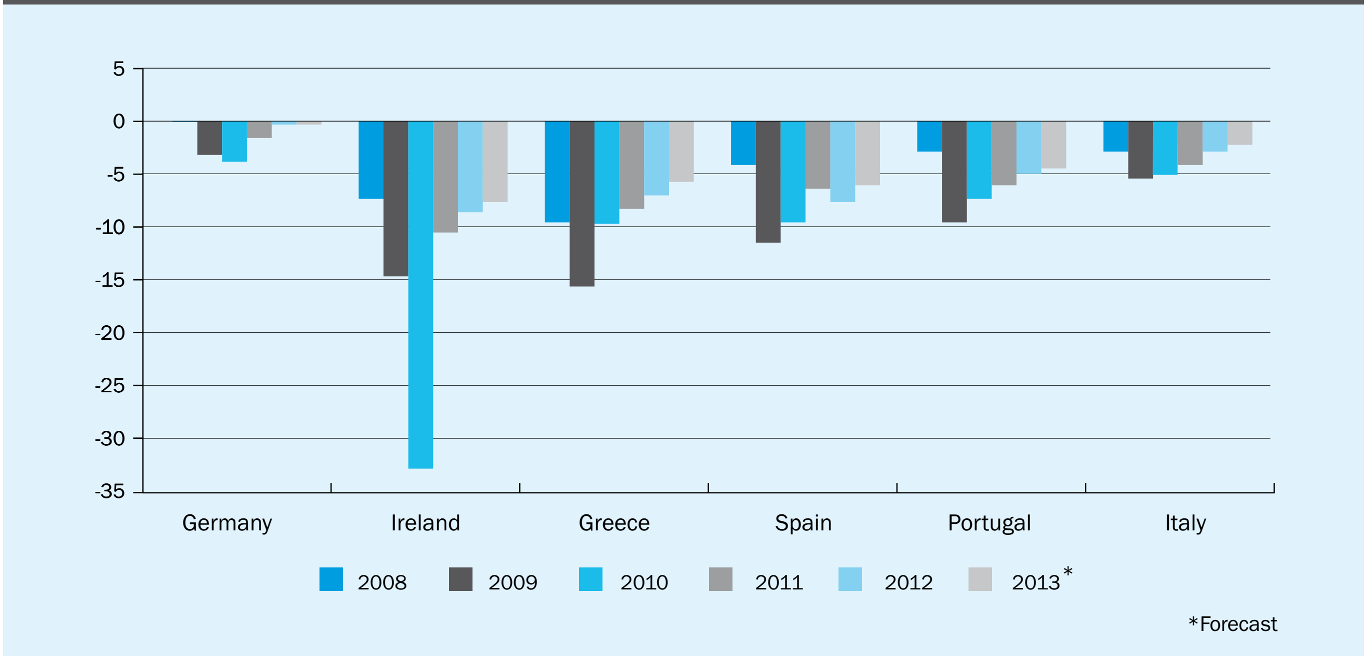
The eurozone showed a decline in growth in the second half of 2012, and as a result the GDP registered negative growth of -0.4 % for the whole year. The eurozone economy will remain stagnant in the first half of 2013 and will

GDP GROWTH RATE (%) Eurozone total & Selection of countries



Source: European Commission

PUBLIC DEFICIT (% of GDP) Selection of countries



Source: European Commission

only grow slightly in the second half of the year, with GDP growth for the entire zone barely reaching 0.3 % over the course of 2013.

These unfavourable growth prospects can be seen in all economies of the eurozone. Although differences from country to country persist, the recession is spreading from the periphery to the core countries. Germany, France, the Netherlands, Belgium and Luxembourg will post positive figures, but they will not reach 1 %; Finland, Austria and Ireland may grow by slightly more than 1 %; and some emerging economies, such as Estonia, Slovakia and Malta, will see growth in excess of 2-3 %. In contrast, the southern economies will continue to record negative growth. Italy, Spain, Portugal, Cyprus and, above all, Greece fall into this category. Indeed, this will be the fifth year of recession or economic stagnation for most of these economies.

The recession is spreading from the periphery to the core countries

Downside risks predominate in the eurozone economy. Poor management of the crisis and a possible exacerbation of financial tensions could have a negative impact on private spending and investment, which would further weaken economic growth.

Cash injections of December 2011 and February 2012: (limited) oxygen for the financial system

In December 2011 and February 2012, the European Central Bank (ECB) provided the financial system with a substantial cash injection. In two operations, dubbed Long-Term Refinancing Operations (LTROs), the ECB injected nearly €1 billion of cash into the system. This was done by making 1 % loans with maturities of one to three years available to all the banks in the eurozone. This emergency action came in response to the worsening of the eurozone crisis in the fourth quarter of 2011: as confidence in the European financial system crumbled and doubts arose as to whether the single currency would survive, risk premiums had increased and activity in the financial markets, including the inter-bank market, had collapsed.

The lion's share of this cash was purchased by Italian and Spanish banks, which used it to buy their own public debt. In reality, the volume of the injection was designed to cover the needs of Italy and Spain for a period of approximately one year and thereby reduce the short-term chances of these countries defaulting on their debt.

This ECB injection stabilised the situation only temporarily, and at the cost of tightening the link between bank risk and sovereign risk.

The ECB insisted at all times on the exceptional and limited nature of these injections. This contributed to the fact that, beyond their short-term usefulness in preventing a collapse of the financial system and in reducing risk premiums for a few weeks, the injections were not seen by the markets as a definitive solution to the problem. Risk premiums on Spanish and Italian public debt continued to increase from April to reach record highs in July 2012. In reaction to the deepening of the crisis, fears of a eurozone breakup were revived.

Debt crisis worsens in summer 2012

In the summer of 2012, the eurozone crisis, which had begun in May 2010, once again reached boiling point thanks to a range of factors: deterioration of growth prospects for the entire eurozone; reinforcement of the link between bank risk and sovereign risk; capital flows from the periphery to the core countries; and doubts about the irreversibility of the euro generated by the limited of success of the policies pursued up to that time.

Sovereign debt spreads reached record highs in June and July 2012, especially on short-term bonds. The three-year bond spread against the German bund exceeded 700 points in the case of Spain and reached almost 600 points in the case of Italy.

European Council summit of June 2012

Clearly, the European Council and the summit of heads of state or government of June 2012 had to address this situation. Under pressure to address the deepening crisis, the heads of government reached important agreements that targeted both a possible solution to the reigning crisis of the eurozone and the design of its future operation, while they also sought to dispel doubts about the euro's survival by pledging to implement the necessary policies. Unfortunately, these agreements were not followed by rapid decision-making.

In the report Towards a Genuine Economic and Monetary Union, the heads of government finally acknowledged that a monetary union, by itself, is unsustainable and that greater fiscal union and a banking union are also necessary in order for the euro to survive and thrive.

The report marked the first time that the banking union had been positioned as the starting point for greater financial and fiscal integration. Such a union must entail joint supervision of all the financial institutions in the eurozone, shared regulation, and a joint deposit guarantee system for all the economies, in order to harmonise the protection of citizens. Fiscal union would need to involve some kind of shared and supportive responsibility for some or all of the public debt issued in the eurozone. In exchange for this, states would have to grant a common European authority the capacity to carry out a strict control of public accounts. All this requires greater political union in order to give democratic legitimacy to the loss of state sovereignty implied by these concessions.

European Council, 28-29 June 2012

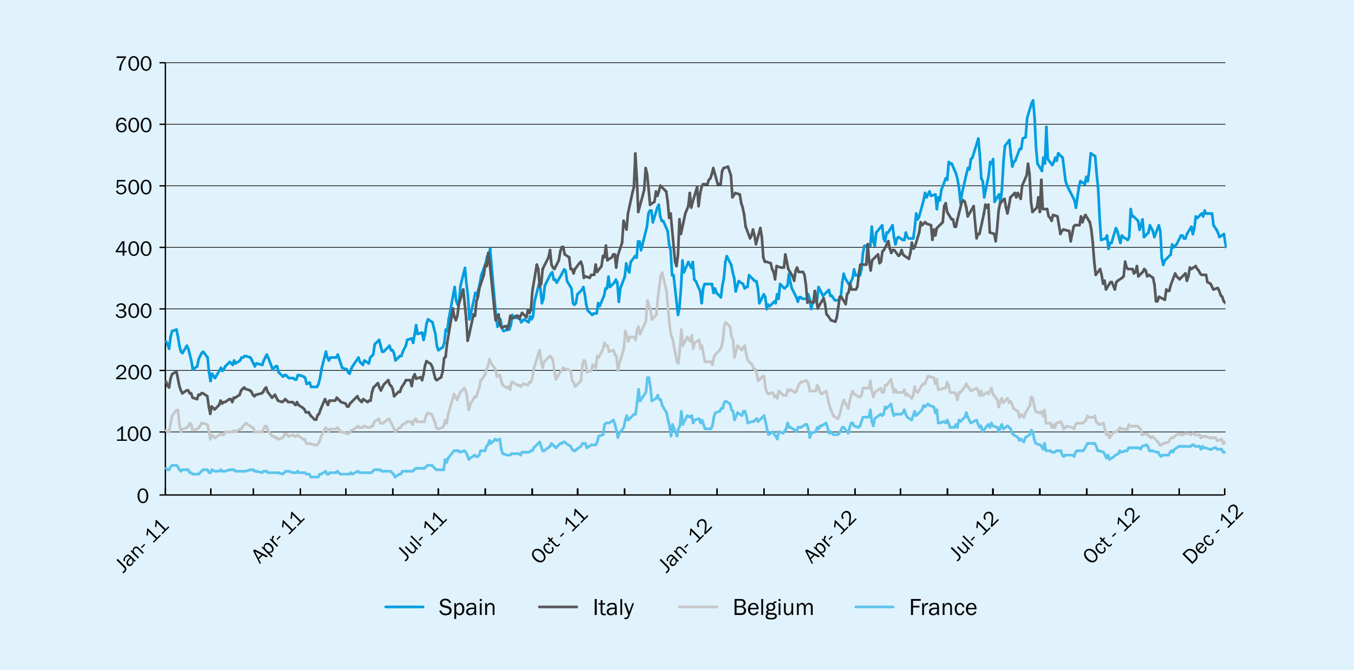
ECB changes tack in September 2012

In view of the deepening of the crisis over the summer of 2012, and in response to the agreements made by the European Council in June, the ECB Governing Council agreed, on 6th September, on a new programme to buy public debt: Outright Monetary Transactions (OMTs). The ECB announced that it was going to buy the public debt of eurozone states with financing problems. It would do this in the secondary markets, on an unlimited basis, without any limits relating to time or the sums to be purchased, and without granting the ECB any kind of credit priority (preferred creditor) in the event of default. This marked a radical change in the philosophy of the ECB, which up until then had bought debt from troubled countries only occasionally, while making its reluctance clear and establishing clear limits as to the quantities involved. It was precisely for this reason that the LTROs of December 2011 and February 2012 had failed to reassure the markets and lower the risk premiums of troubled countries on a long-lasting basis.

> In September 2012, the ECB Governing Council agreed on a new programme to buy public debt in the secondary markets, on an unlimited basis, without any limits relating to time or the sums to be purchased, under the condition that the country accepted a memorandum of understanding

In order to comply with article 123 of the European Union's founding treaty, which prohibits monetary financing of states, the ECB insisted clearly on the conditions for making these purchases in the secondary debt market. It ex-

RISK PREMIUM
Sovereign spreads compared with 10-year German bond



Source: European Central Bank & Bank of Spain

plicitly mentioned the condition that, in order to proceed to the purchase of this debt, the country in question should avail itself of a European Stability Mechanism (ESM) aid programme, implying acceptance of a memorandum of understanding (MOU).

The markets responded favourably to the announcement of the programme and financing conditions improved considerably. In the sovereign debt markets, the risk premiums of troubled countries decreased, having reached maximum levels in July. In Italy, the 10-year bond spread against the German bund fell from 510 points to just over 300 points in November. In Spain, it dropped from 620 to around 400. In Belgium and France, the spread stood at below 100 points once again.


Mario Draghi, President of the European Central Bank

Conditions also improved in the bank debt and corporate debt markets, and issues from companies in southern European countries resumed, having been interrupted for some months. Financing conditions for households and businesses improved much more slowly, however, and broad differences between countries remained. In the periphery, credit remained very scarce.

Creation of the ESM

In October 2012, as agreed three months earlier, the ESM was created. Once it had been ratified by the German Constitutional Court, its establishment had a calming effect on the markets.

The ESM is a permanent bailout fund that replaces the provisional EFSF, which was created in May 2010 when Greece's sovereign debt crisis erupted and will remain active until its programmes for Greece, Ireland and Portugal are concluded. The ESM has a lending capacity of up to €500 billion. Eurozone countries only have to pay in €80 billion, in proportion to the GDP of each economy. The ESM will be able to obtain the remaining funds by issuing bonds backed by eurozone states, also in proportion to their GDP. ESM bonds have been assigned a maximum triple-A rating by the risk rating agencies.

Klaus Regling, head of the European Stability Mechanism

Banking union delayed

As agreed by the European Council in June 2012, a European banking union must involve supervision by the ECB of all the banks in the eurozone, a deposit guarantee system common to the entire zone, the creation of a resolution framework for unviable institutions with a fund financed by the banks themselves, and some shared standards concerning potential losses for investors in products not covered by deposit guarantees. To ensure their effectiveness, both the deposit guarantees and the bank resolution process would have last-resort public backing provided by the ESM.

The initial intention was to create the first component of this banking union, the Single Supervisory Mechanism, by the end of 2012, but this objective has been impeded by the reluctance of Germany, Finland and the Netherlands. EU countries outside the eurozone, such as the United Kingdom, Sweden and the Czech Republic, have also voiced objections to the project.

Last October, in the European Council, the date for creating the banking union was pushed back to early 2014, although the states made a commitment to taking the legislative steps required to comply with this timeframe without delay. A specific timeframe was set for establishing the Single Supervisory Mechanism.

The banking union is urgently required to prevent the eurozone's faulty design from benefitting some countries at the expense of others. Capital flows from the periphery towards the core countries are a clear example of this imbalance.

Another difficulty which will need to be negotiated, and one that will depend on the political will of the states, lies in the fact that the creation of a common deposit guarantee system entails a mutualisation of risk, which, in turn, has clear fiscal implications. Banking union is therefore closely intertwined with fiscal union.

Challenges and policies

The eurozone is in the throes of a multifaceted crisis that is, in essence, a crisis of survival. It is now widely accepted that the euro's initial design contained flaws that have been brought to light by the magnitude of the current recession. These flaws need to be corrected.

The European Council's decisions of June 2012 and the ECB's policy shift of September 2012 are steps in the right direction and, if they are fully pursued, they will lay the foundations of a more solid and functional monetary union. However, as is frequently the case in European affairs, the implementation of these agreements is proving slow and laborious. Both the definition of a solid anti-recession strategy for all eurozone economies and the survival of the euro itself depend on politicians' capacity to put these agreements into practice.

> The uncompromising austerity plans are proving counter-productive: without growth, debt cannot be paid back

The uncompromising austerity plans are proving counter-productive. The aid programmes for Portugal and especially Greece are not yielding the desired results. Furthermore, the recession is spreading from the periphery towards the core. To get back on the path to growth, core countries with sustainable public accounts must stimulate their economies with expansive fiscal policies or by allowing wage increases. Countries not in a position to do this must maintain their fiscal adjustment policies but with more flexible time limits, lest a short-term shutdown of activity preclude achievement of the deficit-reduction objectives and cause both a spiral of recession and an increase in debt. Spain must avoid repeating past mistakes such as those made in Greece and Portugal.

SPANISH ECONOMY

2013: The sixth year of the crisis

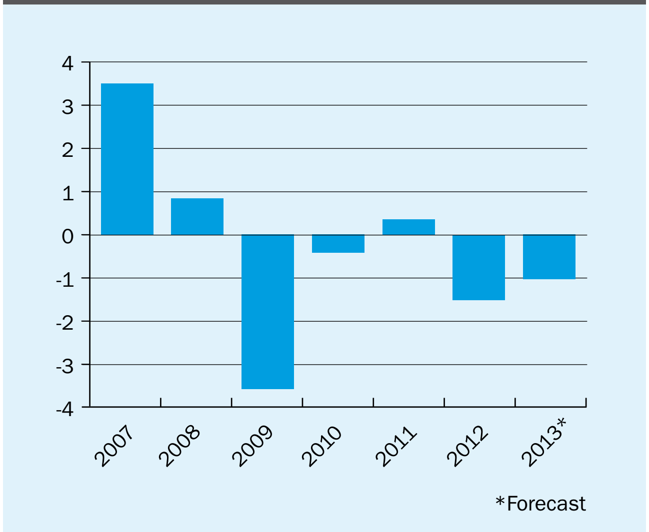
Spain's economy will see negative growth in 2013, shrinking by -1 %. By the end of the year, negative or practically null growth will have lasted for a total of six years. In a context of weakened global growth and the virtual stagnation of the eurozone, Spain has yet to find a way out of the economic crisis.

The Spanish economy will continue to shed jobs, with the unemployment rate topping 25 %. Inflation will be around 2 %, a few tenths of a percentage point above the eurozone average. Given the slump in domestic demand, the persistence of the inflation differential indicates a failure to address structural rigidity.

Domestic demand, which has shrunk by -13 % since the first quarter of 2008, will continue to see negative growth. Household consumption will also drop as rising indirect taxation and falling real wages put a dent in disposable income. Soaring unemployment rates and a general worsening of expectations will also place downward pressure on consumption. There will also be a decrease in private investment, both the purchase of capital goods (strongly hampered by the bleak domestic market outlook) and investments in the construction industry (still reeling from the collapse of the real-estate bubble). At the same time, government spending is being reined in by fiscal adjustments.

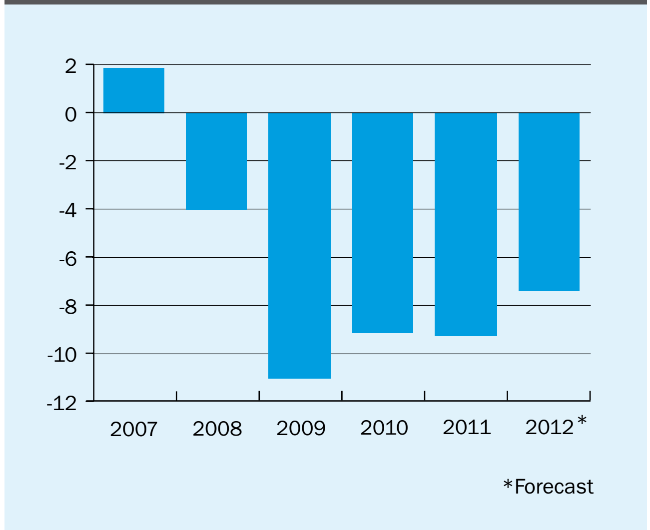
The only component of demand expected to grow is net exports, thanks to an increase in exports combined with

SPAIN GDP GROWTH RATE (%)



Source: Bank of Spain

SPAIN PUBLIC DEFICIT (% of GDP)



Source: Bank of Spain

a decrease in imports. However, Spain's major customers in the eurozone have seen only moderate growth and will therefore add only a few tenths of a percentage point to the country's growth.

The Spanish economy's financing prospects have been severely damaged. Bank credit to the domestic private sector has fallen by more than 4% over the past year and by more than 8% from its peak in 2008. The central government is Spain's only public body not shunned by the markets, and even so, it is paying a high risk premium. Private Spanish companies, financial or otherwise, also lost access to the bond markets for several months last year; only some of the largest, healthiest companies regained access in the final months of 2012.

In any deleveraging process like this one, a credit crunch is understandable; what is remarkable is that lending should cease even in highly dynamic sectors such as exports and start-ups.

Bank recapitalisation and the first bailout

After the ECB's liquidity injections (LTROs) earlier this year improved the Spanish economy's financing conditions for a time, the risk premium on Spain's public debt started rising again in April 2012, peaking in July.

On 25th June, the embattled Spanish government, facing the impending capital needs of Bankia, requested financial assistance from European institutions to recapitalise the country's troubled banks. On 20th July, the Eurogroup agreed to cover financial needs up to €100 billion and drew up a MOU that established a number of conditions that any institutions that receive funds would have to meet. The MOU did not set out additional macroeconomic conditions, but it did stress the need for strict compliance with public finance commitments as well as the structural reforms undertaken by the government upon activation of excessive deficit procedures.

In response, the government took a series of deficit-reduction measures, including a hike of the standard and reduced VAT rates to 21 % and 10 %, respectively, which came into effect in September. The government also slashed public-sector wages by eliminating December bonuses. Other measures included the elimination, starting in 2013, of tax deductions for home purchases, the tapering of unemployment benefits after six months, and additional budget cuts for government ministries. With these measures, the government hoped to improve the balance of the state budget by €13.5 billion in 2012 (1.2 % of Spain's GDP).

On June the Spanish government requested financial assistance from European institutions to recapitalise the country's troubled banks

The MOU set out three lines of action. First, an external consultant (Oliver Wyman) was entrusted with determining each bank's capital needs. Second, non-viable banks would be recapitalised, restructured and/or resolved in an orderly manner. And third, impaired assets of banks receiving public support in their recapitalisation efforts would be segregated and transferred to an asset management company ("bad bank").

Oliver Wyman report

On 28th September, the consulting firm Oliver Wyman published the results of the audit commissioned in July. The report analysed the 14 bank groups that make up 90 % of the Spanish banking system, focusing on their domestic private-sector credit portfolio. In total, 36 million loans and 8 million guarantees were analysed.

The analysis considered a baseline scenario and an adverse scenario. For each scenario, Oliver Wyman calculated the expected losses and capital needs of each bank group.

In the adverse scenario, the capital needs that would have to be covered by the public sector were estimated at €55-60 billion euros for the banking system as a whole. Seven of the groups had enough capital to satisfy the legal requirements, but the other seven – accounting for 32 % of the Spanish banking system's credit portfolio – would require public-sector assistance (see graph). In addition, 86 % of the sector's needs were concentrated in four institutions already controlled by the FOBR: Bankia, CatalunyaCaixa, NCG Banco and Banco de Valencia.

On September 2012, the consulting firm Oliver Wyman estimated the Spanish banking system's capital needs at €50 billion

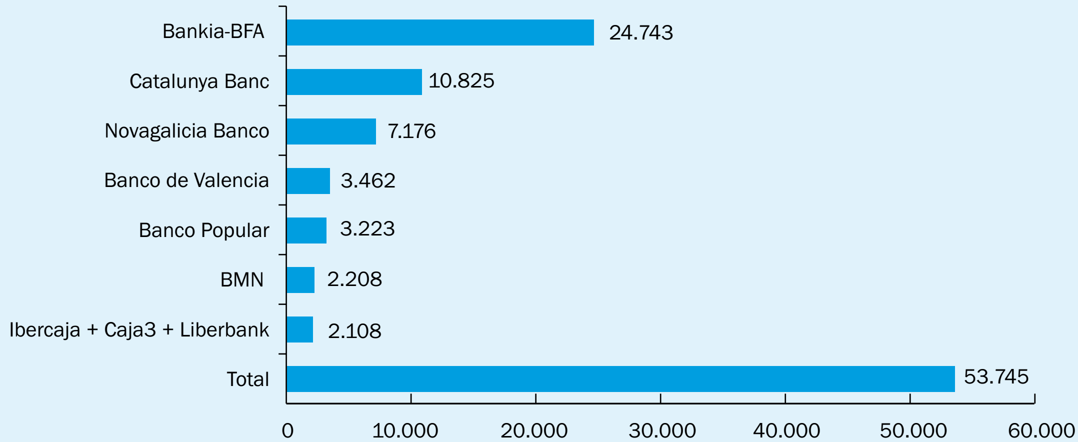
In October, the European Council postponed the creation of a banking union until 2014, which would mean that, at least until then, part of the Spanish banking system would be recapitalised by the Fund for Orderly Bank Restructuring (FOBR), with the state acting as ultimate guarantor. The estimated sums would increase the public debt by 5 % of the GDP.

The ability of credit to begin flowing once again to households and companies will depend largely on the crucial task of rapid bank recapitalisation. The Bank of Spain has overseen recapitalisation efforts to ensure that all participating financial institutions – regardless of whether they required

The consulting firm Oliver Wyman released a stress test report for the Spanish banking sector.

ESTIMATED CAPITAL NEEDS (UNDER ADVERSE SCENARIO)
Report by Oliver Wyman

Million €



Source: Bank of Spain

public assistance – completed the process before the end of the 2012 fiscal year. SAREB, Spain's "bad bank", was formed in late October (see graph).

2013 BUDGETS: ANOTHER TURN OF THE SCREW

Spain's budget for 2013 has been strongly conditioned by the government's commitment to reduce its deficit to 4.5 % of the country's GDP. The aggregate deficit of Spain's central government and social security system is equivalent to 3.8 % of GDP; for Spain's autonomous communities, this figure is 0.7 %. To achieve Spain's deficit-reduction target, the government has taken steps to increase revenue while also cutting spending; the cost-cutting policy rolled out in 2010 will therefore remain in place.

The changes in the Spanish tax code are aimed at increasing total revenue by 3.7 % (€7.2 billion euros). These changes include the VAT hike of September 2012 as well as legislative changes that affect income taxes (elimination of tax deductions for home purchases, higher taxes on some types of capital gains, etc.) and corporate taxes (new limits on deductions for the depreciation of tangible fixed assets). Meanwhile, a larger proportion of government spending will be used to cover interest on debt (increase of €12 billion) and transfers to social security (increase of €6.5 billion) while a smaller proportion will go to real investments (decrease of €5.6 billion) and transfers to the state employment office (decrease of €2.8 billion). Personnel costs have been stabilised by a public-sector wage freeze.

Nevertheless, the total revenue increase achieved by these measures is smaller than the rise in interest payments. It is therefore vitally important to reduce the interest rate of debt. If the government's policies and the measures taken by EU authorities fail to push the risk premium further down, it is imperative that the ECB start buying bonds on the secondary market. For this to happen, Spain will need to request a MOU (i.e. a second bailout).

Evolution of Spain's public debt and debt position

Spain's public debt is rapidly growing both in size and as a share of the country's GDP (from 69.3 % in 2011 to 85.3 % in late 2012). Of this 16-percentage-point increase, 7.3 points are due to the public debt incurred during the year; 3 points to a fund created to finance payments to suppliers; 1.1 points to Spain's guarantee commitments in the EFSF, which has provided aid to Greece, Ireland and Portugal; 2.9 points to the FOBR; and 1.7 points to GDP contraction.

In the early days of the crisis, Spain's external debt problem was largely a matter of private debt. Only in the past two years has the country's public debt suddenly spiked.

The Spanish economy has €1.8 billion in external debt (170 % of GDP). Public debt accounts for €237 billion, a small fraction of the total; the remainder, mainly bank debt, is private. However, a process of change is underway: the external debt of Spain's financial institutions was €795 billion in mid-2011, but by mid-2012 it had fallen to €591 billion. In reality, Spanish financial institutions have started borrowing more from the ECB in the form of three-year LTROs, which were introduced in early 2012. By doing this, they have been able to refinance at lower interest rates, but at the expense of concentrating their debt in one place: the ECB. In September 2012, the Spanish banking system was €380 billion in debt to the ECB, whereas in September 2011, before LTROs were introduced, this figure was just €69 billion.

Luis de Guindos, Spanish Ministry of Economy and Competitiveness, and Jean-Claude Juncker, President of the Eurogroup

In addition to this sum, the ESM will provide €50 billion to recapitalise Spain's banks. The Spanish economy has therefore grown increasingly dependent on financing decisions made by the ECB, which is slowly becoming the country's largest creditor. And, more importantly, Spain has also become more dependent on the economic policy conditions imposed by the MOUs that accompany assistance of this sort. In short, sovereignty in economic policy is waning and will continue to do so.

> The Spanish economy has grown increasingly dependent on financing decisions made by the ECB, which is slowly becoming the country's largest creditor

Second bailout

After the MOU was signed in July and, in particular, after the ECB announced that it would only buy bonds on the secondary market from countries involved in a rescue programme, the rumours about the Spanish government requesting a bailout became a central focus of Spanish and European economic policy discussions.

As of this writing, Spain has yet to make such a request. Publicly, the Spanish government claims that, barring extraordinary circumstances, it will not request a bailout until 2013, if at all. Spain's scant financing needs in the last two months of 2012 gave the government some room to manoeuvre; in 2013, however, it will need to sell €180 billion in bonds. Changing financing costs will be a key factor in determining whether and when a bailout is needed.

Also relevant to this decision are the conditions imposed by EU authorities, in particular the limits on government deficits and the corresponding penalties for failure to comply. If the measures required are too strict, budget cuts may fall short of their goals. The Spanish economy could then spiral into recession and see its debt balloon to the levels seen in Greece.

The government will probably decide whether to request this second bailout at some point during 2013. The bailout could take the form of an ESM Enhanced Conditions Credit Line (ECCL) or simply the ECB's purchase of Spanish government bonds on the secondary market; in either case, a MOU would be required. Because Spain's economy is already subject to strict requirements and any additional obligations could be counter-productive, the conditions set out in any MOU would be of vital importance.

An end in sight?

The foreign sector has provided some of the only good news for the Spanish economy. In July and August 2012, Spain posted its first current account surplus in recent memory. The country has increased its exports and decreased its imports, and the trade balance deficit has been offset by a service balance surplus derived from tourism revenues. If this trend holds, the foreign sector could contribute considerably to economic recovery. Labour costs provide a partial explanation: since mid-2012, compensation per employee has been dropping. This translates into lower per-unit labour costs, which in turn boosts export competitiveness.

Beyond this, however, difficulties remain. For the Spanish economy to begin its recovery, a variety of conditions must be met both in Spain and abroad. In particular, credit needs to begin flowing once again to Spanish households and companies. For this to happen, the banks need to recapitalise; therefore, the recapitalisation of the troubled portion of Spain's financial sector should begin without delay. Non-viable institutions should be liquidated in order to minimise the impact on public coffers. Another condition that must be met in Spain is the recovery of consumer and business confidence.

At the international level, the most important condition is a solution to the eurozone crisis that enables European countries to grow at a normal rate and benefits the continent's export sector. The creation and rapid consolidation of a European banking union is another vital condition. The current capital outflow rate is attributable not to defects in the Spanish economy but to serious design flaws in the eurozone. In forging this banking and fiscal union, European authorities must find a balance between firmly committing to sustainable public accounts and acting gradually to avoid trapping the periphery in a spiral of recession and mounting debt. Excessively strict short-term deficit targets could be counter-productive.

Unfortunately, domestic economic policy leaves little room to manoeuvre. The government needs to focus on fulfilling its commitments to the European authorities and push ahead with structural reforms, especially with regard to recapitalising the financial sector. If the aforementioned domestic and international conditions are met, the window to economic growth could begin to open in 2014.

Other challenges facing the Spanish economy include attracting foreign capital (especially to financial institutions and asset management companies), placing greater importance on industry and boosting exports (especially outside the eurozone and in emerging economies, where demand is expected to increase the most in the coming decades). Finally, in order for fiscal adjustments to be effective and fair, the Spanish government will need to crack down on tax fraud.

ABOUT THIS PUBLICATION

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Founded in 1958, ESADE now has campuses in Barcelona, Madrid, Buenos Aires, São Paulo and Munich and collaboration agreements with over 100 universities and business schools worldwide. Each year, more than 10,000 students participate in its courses (MBA and Executive Education, as well as undergraduate and master's programmes in law and business administration). Its business park, ESADECREAPOLIS, is a pioneering innovation centre where the university and business worlds unite. With a clear international outlook, ESADE was ranked near the top of the main business-school rankings in 2010 (*Financial Times, Wall Street Journal and BusinessWeek*). ESADE currently has a network of more than 44,000 alumni occupying positions of responsibility in enterprises around the globe. Since celebrating its 50th anniversary, ESADE has adopted "Inspiring Futures" as its institutional motto to illustrate the goal of fostering a spirit of renewal in the fields of business and law.

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