

# Generalitat antes up in Magreb

Catalan government's investment arm, ICF, pumps €15 million into venture capital fund, its largest in any foreign market

## BRADEN PHILLIPS

● The Generalitat has been a big promoter of the EU's Euro-Mediterranean Partnership, designed to build closer ties between Europe and the non-EU countries bordering the Mediterranean, but now it is putting its money where its mouth is.

Behind its investment arm, the Institut Català de Finances (ICF), the Catalan government is one of the three largest partners in a new venture capital fund, Fons Mediterrània Capital (Mediterranean Capital Fund), that plans to invest up to €100 million in the Magreb countries of Morocco, Algeria and Tunisia.

The Euro-Mediterranean Partnership took shape at its first conference in Barcelona in 1995. Subsequently, it has been more commonly known as the Barcelona Process. A second summit was held in Barcelona in 2005. An ambitious initiative, it laid the foundations of a new regional relationship, but has largely failed to realise many of its specific initiatives.

With Catalan and Spanish investment in the Magreb starting to take off in recent years, the Generalitat concluded that the timing was right for Fons Mediterrània.

"This initiative (Fons Mediterrània) has decided to make up

for lost time by accelerating the rate of scientific and technological cooperation with the Southern Mediterranean states," said Albert Alsina, who manages the fund for investment group Riva y García, focusing on Morocco, Algeria and Tunisia. "We foresee a huge potential in the Magreb area, mainly due to the following reasons, a regional GDP of €143.3 billion, an average growth of 6% over the last five years and 83 million inhabitants."

The other two main investors in the fund, along with ICF, are the federal government's investment arm, the Instituto de Crédito Oficial, and the European Investment Bank. Among the private investors are La Caixa, Caixa Catalunya, Telefonica, Repsol and Gas Natural.

"We are definitely the ICF's largest fund for any foreign market and the largest not only for the Magreb, but for the African continent," he said.

Alsina said the Fons Mediterrània plans to announce its first investments in four months.

"We currently have more than 30 companies in the analysis process for investments, with 50% of them from Morocco, 30% in Algeria and 20% in Tunisia."

The investment in each company will be €1-€9 million, with



The Pulligan factory in Tangiers employs 260. The Catalan textile firm was a trailblazer, arriving in Tunisia in 1998



● Fund manager Albert Alsina

an average of €5 million, he said.

Catalan investment in the Magreb is the highest among Spain's autonomous regions. Overall around 800 Spanish

companies have invested in Morocco alone, the biggest Magreb market, making Spain the second biggest foreign investor there after France. From 1997 to 2004, Spanish businesses poured €2 billion into the Moroccan economy, 22% of all foreign investment receipts.

The textile industry, traditionally strong in Catalonia, has taken advantage of low labour costs in Tunisia to remain competitive. Pulligan was among the first, outsourcing production to Tangiers in 1998. In 2003 it built a new factory there, more than doubling its workforce of mostly

women to 260.

Consulting firm Amsel, one of the pioneers in introducing Spanish manufacturers to Morocco, many of them Catalan, has seen its business grow fast in recent years. The firm helped 22 companies outsource production in Tangiers last year and has already worked with 12 more this year.

"There are plenty of good opportunities in the area," said Alsina. "The Magreb is growing in many sectors with property development a key sector driving other sectors. But we see possibilities across all areas."



## Jewels give way to luxury hotel

● The Rambla's classic Bagués jewellery store, recently closed, will be home to a five-star luxury hotel from the Derby chain. The new facility, called Hotel Bagués, will maintain a link with the modernist jewellery pedigree of its namesake. Each of the 32 rooms in the hotel will include an showpiece from the legendary Catalan jewellery firm. The lobby has its own stellar show, displaying a large part of the 200 piece Masriera jewellery collection. The retail space in the original Josep Fontserè Domènech-designed building had a watch repair shop before Bagués arrived.

## Mortgage defaults up 75% in '07

### EFE

● The default rate on mortgage loans for homes in Spain grew in 2007 by 75%, rising from the 0.4% recorded at the end of 2006 to the 0.72% registered at the end of 2007.

According to the information provided by the Asociación Hipotecaria Española (AHE), this figure represents the highest rate since the monitoring controls were modified in June, 2005 and confirms the association's provision of a "moderate but sustained" growth of the default rate on home mortgages for the end of last year.

The AHE deems the sustained rise in interests rates as the principal cause of the increase in the default rate, given that the other economic variables (economic

growth, employment and inflation) have had a "positive" evolution during 2007.

While these variables remain "reasonably" positive, the association adds, the increase in home owners who default on their mortgages will continue to be "moderate".

The AHE also points out that even though the levels of mortgage defaults in Spain do not surpass the percentages registered in the majority of countries of the Organisation for Economic Co-operation and Development (OCDE), the minimum growth provisions for the Spanish economy could foreshadow an increase in the mortgage default rate during 2008, pushing it higher than the OCDE average.