

The Spanish government approves minimum wage rise of 6.6%

600,000 workers across Spain will be entitled to a new minimum wage of 490 euros per month

RICHARD MCCRANN

The Spanish government has increased the minimum wage by 6.6% which means that it will increase to 490.80 euros each month for over 600,000 workers and the unemployed not covered by collective bargaining. The rise will come into effect from the start of July. The move was expected after the Spanish prime minister, José Luis Rodríguez Zapatero pledged during his election campaign earlier this year to raise the minimum wage. It means it will rise by 30 euros a month and contrasts with the former Popular Party government who only increased the minimum wage as in line with inflation.

The announcement means that the amount will be fixed at 16.36 euros a day and annually at 6,871 euros. Casual and temporary workers whose work does not exceed 120 days now cannot be paid less than 23.24 euros a day. For domestic workers, the minimum salary will be fixed at 3.83 euros an hour. "With a rise of 6.6% in the minimum wage



Ministers Caldera, Fernández de la Vega and Bonas support the increase / EFE

one can recover all at once, the loss of purchasing power suffered by the minimum wage as a consequence of the shortfall during the period 1996-2004 between the real inflation and

the forecast inflation," said Jesús Caldera, the Spanish minister for work and social services. The minister said that the increase had been achieved after consultation with the

trade unions and, who consider the decision, "positive for families and for the economy."

The vice president of Spanish government, María Teresa Fernández de la Vega, said that the rise in the minimum wage was a fulfillment of an election pledge which the PSOE carried out during the campaign of 14 March. The rise is seen the first step towards the Spanish government achieving the 600 euro monthly wage during its current term of office. Caldera also said that starting from next month the government would use a new public indicator for public income, which would be set at 460,5 euros each month, but it would be revised annually. "The electoral promise of the PSOE is that the minimum wage reach 660 euros each month, at the end this term of office by 2008 and will bring us into line with the other countries of the European Union. Today's revaluation of the minimum wage should be seen as first step towards achieving this goal," said Caldera.

PAY-OFF

Ex-Shell chief gets one million pound pay-off

Former Shell chairman Sir Philip Watts who stood down after the firm's oil reserves estimates were cut has received a one million pound pay-off. He was criticised by shareholders after leading exploration and production when at the time most of the reserves were booked. Shell claim the sum was based on his wage until his retirement date June 2005. Shell said in March that Sir Philip had resigned after the board called for a 'change of leadership due to a loss of confidence.'

TECHNOLOGY

Flaw in design of HP memory chips

Hewlett Packard said it had discovered a design flaw in some memory chips used in Compaq and HP notebook computers. It said it would replace the components for about 90,000 of the laptops. Chip maker Intel Corp. said it was also recalling an unspecified number of chipsets. Intel admitted it had discovered a manufacturing flaw that could lead a computer to malfunction. Hewlett Packard spokesman Mike Hockey said the two companies recalls were not related.

ECONOMY

US economy grew slower

The US economy grew much more slowly than previously thought in the first quarter and inflation was higher, a government report has revealed. However, another report shows that consumer confidence is on the up fueled by a rush for low interest rates. The Commerce Department surprised economists with a downward revision cutting economic growth to 3.9% from 4.4 a month ago.

OIL

Norwegian eight-day strike ends

Norway's government has called an immediate halt to an eight-day gas and oil strike, thereby avoiding a shutdown of output by the world's number three crude producer. Social and labour affairs minister Dagfinn Hoybraaten justified using controversial emergency laws to end the industrial action as otherwise there would have been "huge economic consequences to society." The strike over pensions and job security had cut production by 375,000 barrels per day by threatening a full shutdown by locking out the 3,000 union members from Monday.

CAR INDUSTRY

Korea aims to be regional hub

South Korea's depressed car market should achieve a swift return to growth and could become the hub of General Motor's Asia-Pacific operations, according to GM chairman Rick Wagoner. The group is committed to bolstering its facilities and product line-up in the country, he added. GM Daewoo has pledged to invest \$1.5 billion in new models in the next few years.

Trade unions see the increase in the minimum wage as a positive move

RICHARD MCCRANN

A leading Spanish trade union leader has welcomed the 6.6% increase in the minimum wage, which was approved by the Spanish government yesterday. Cándido Méndez, the general secretary of the UGT, said the move was "very positive". The minimum wage will be set at 490.80 euros a month, but this is seen as the first step towards reaching the 600 euro monthly wage. "This increase is part of a process agreed between the employers' organisation and the unions to reach a 600 monthly wage during the current term of office under the

present Spanish government," he said. According to Méndez, the approved increase will mean the recovery of all the purchasing power that the minimal wage lost during the last eight years. It is seen as most important percentage increase since 1983. "This is good news since it implies an increase of the salary base in Spain, which has to stimulate a general wage increase," he added.

He also claimed this measure, which will come into force by the start of July, will imply that the workers that get unemployment benefit will receive more money and the number

of beneficiaries will also be increased. When the new Spanish government took over power earlier this year, they promised the national minimum wage would be increased from 460.5 euros to 490.8 each month. Both the UGT and the Trade Union Confederation of Workers Commissions (CC.OO) have stated that this is the first step towards complying with the minimum wage of 60% of the net average wage recommended by the committee of independent experts that advises on the implementation of the Council of Europe's social charter, which Spain has signed.

THE WEEK IN THE STOCK EXCHANGE

Japan's stockmarket surges as economy takes off

DANIEL MATEOS VÁZQUEZ

Investment Centre of Deutsche Bank

There has been little movement for the stock markets' variable income during the week, although there was a slight increase in the volume business. In the US the S&P 500 has reached a daily maximum of 1.146 points, 1.5% below a maximum of the year of 1.163 points. The Deutsche Bank has reduced the recommended variable income in the portfolios of some of their clients in favour of a fixed income. The Bank doesn't see enough potential in the stock markets of the Americas' and Europe, although it thinks that the Asian stockmarkets could have a good run. The Bank is positive about



Economic indicators in Japan point to growth and investment after years of decline

the Japanese stock market where the Nikkei-225 rose by 3.5% during the week and continues its surge upwards since April. It is the eighth consecutive week that the stock market in Japan has risen, and it shows more strength than the rest of the markets, and has achieved a 12% revaluation from the minimum of April. The improvement in the Japanese economy has not gone unnoticed by the investors. It is not the only sector increasing its activity. The internal demand is growing significantly after many stagnant years. However, the bank sector is benefiting from the renewed growth.