

# Award Ceremony of the II Edition of the "Jaime Fernández de Araoz Corporate Finance" Award.

*Speech by Mr David Vegara, State Secretary for Economic Affairs  
and Finance.*

*Madrid, 29 May 2007*

*Your Royal Highness the Prince of Asturias, distinguished members of the Jury, ladies  
and gentlemen,*

*I should like to begin by, of course, congratulating the winners of the Award, Vicente  
Cuñat and María Guadalupe, for their excellent work and important contribution to an  
area of such relevance as is the management of incentives within companies. I should  
also like to express my sincerest thanks to the Jury of this prestigious Award for their  
efforts to promote work in the field of what we economists term Corporate Finance.  
Thanks to their incalculable labours, it is possible to give continuity today to the  
work ethic that Jaime Fernández de Araoz displayed, and whose enthusiasm and  
dedication was, without doubt, instrumental in the fine development of the Spanish  
financial sector.*

*The piece of work that has been awarded the prize today deals with an area of vital  
interest not just for economists, but also for any observer of business reality: how  
incentives are managed within companies in an increasingly globalised context. We are  
all aware of, for example, the interest raised just a few years ago by some of the figures  
for salary incentives such as bonuses or share options which were introduced as a  
means of linking employee objectives with company growth.*

*The globalisation that we have witnessed over recent decades has undoubtedly  
opened up endless opportunities for the business sector, since it offers a wide range of  
new markets in which to place products. But equally, the internationalisation of  
business activity is also the result of the greater presence of international companies  
in domestic markets. This brings increased competition, and with it the requirement  
for more efficient management of business structures to permit greater and better  
use of competitive advantages. The overall result is clearly beneficial for consumers  
and manifests itself in products which are of higher quality, have a wider variety  
and prices more in line with costs.*

*For this reason, one of the aims of economic policy strategy must be, and has been,  
to bring about the opening up of Spanish markets in order to increase competition  
and make the best use of the dynamic advantages of international business and the  
presence of international companies operating in domestic markets.*

*At the same time, we have sought to equip the economy with the appropriate tools  
for encouraging innovation and human asset training so that we may compete  
successfully in the global context.*

*Over the last few years, Spain had become a major player on the global scene. An increasing number of Spanish companies are competing in high added value sectors and at high specification levels. The figures speak for themselves: the latest information from the European Union Statistics Office shows that in 2006, Spain was the leading country in terms of Direct Foreign Investment in other EU27 countries.*

*Moreover, Spain continues to be a significant destination for investment from other countries, a channel which permits new technology to be incorporated into national manufacturing processes whilst at the same time, through a greater presence of companies in industry, demanding more efficient management of physical and human resources which benefit the end consumer.*

*Spain's attraction for international investors is undoubtedly due to the huge potential of the Spanish economy in coming years, as evidenced by our most recent performance with growth rates considerably higher than those of our Euro zone partners, and a stable macroeconomic situation which encourages investment.*

*The challenge for economic policy is to continue promoting this internationalisation and, at the same time, to ensure that the benefits from global market openings are distributed equitably among citizens.*

*Instrumental in this will doubtless be works such as the one winning today's Award, to whose authors I reiterate my most sincere congratulations, and which I again extend to the organisers of this Award. These lines of research allow us to gain a better understanding of economic facts and their impact on the welfare of citizens.*

*Many thanks.*