

Madrid announces 3.75 billion euro injection for car industry

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Spanish Prime Minister Pedro Sanchez announced a 3.75-billion-euro aid plan for the car industry, a pillar of its economy that has been badly hit by the coronavirus pandemic.

"The government has worked hand in hand with the sector to develop a comprehensive plan that meets their needs and also serves to achieve an

urgent ecological transition," he said in a television address.

The plan, which will be officially presented on Monday, "will be financed from a budget of 3.75 billion euros," he added.

The plan would set aside money to renew the car fleet, with special attention to electric vehicles. There would be aid for research and innovation and [tax incentives](#) to make the sector more competitive.

Aid for the purchase of [electric vehicles](#) is in line with the government's ecological transition plan, which by 2040 aims to have all new vehicles in the country "[zero emissions](#)".

The [automotive sector](#) is one of the pillars of the economy of Spain, the second European manufacturer behind Germany.

It makes up 10 percent of GDP, a fifth of Spain's exports and directly or indirectly employs two million people, said Sanchez.

It was also hit hard by the coronavirus pandemic with factories in Spain shut down for several weeks.

Japanese group Nissan recently announced the closure of its factories in Barcelona, affecting 20,000 jobs, directly and indirectly, while US giant Ford announced 350 job losses in its factory in Valencia.

Other countries have announced automobile aid plans such as France, where President Emmanuel Macron announced in late May a recovery plan for the sector of more than eight billion euros.

Sanchez also announced that a tourism sector support plan will be presented on Thursday. Tourism, which accounts for 12 percent of GDP, has been hit badly by the coronavirus crisis.

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