



Expenditure ceiling and Budgetary Stability target for 2012 are approved

- The State's non-financial expenditure limit for 2012 is set at €118,565 million, down 4.7%.
- The deficit target for all the Public Administrations is set at 5.8% of GDP for this year: the State will have a deficit of 4%; the Autonomous Regions, 1.5%; Local Councils, 0.3% and Social Security will have a balanced budget.
- Funds available to ministries will be down by 12.5% to €57,978 million.

2 March 2012. The Council of Ministers has approved the budgetary stability target for this year, and the State's non-financial expenditure limit for the same year. This ensures adherence to the provisions established in the General Law on Budgetary Stability that enables the Government to set these two variables, marking the start of the process of drawing up the General State Budget.

In a context of international economic uncertainty, tension in the financial and public debt markets, in the final quarter of 2011 the Spanish economy experienced a slowdown in economic activity which has been the prelude to a new recession expected in early 2012. Indeed, it is expected that over the course of this year, Gross National Product will fall by 1.7% following growth of 0.7% in 2011.

Following a deviation of 2.5% from the 2011 deficit target which ended at 8.5% as opposed to the 6% set in the fiscal consolidation path, the Government, faced with a new recession, considers it necessary to approve a new deficit target for the Public Administrations as a whole. Therefore, for 2012, the new deficit target will be 5.8% of GDP, of which 4% of GDP will correspond to the Central Administration; 1.5% to the

Autonomous Regions; 0.3% to Local Councils and the Social Security will have a balanced budget.

Spending limit

Alongside this budgetary stability target, the government has sent to parliament the State's non-financial expenditure limit for 2012. The expenditure ceiling is set at €118,565 million, amounting to a reduction of 4.7%, a level which is in keeping with the National Accounting expenditure limit resulting from the deficit target set for the State and from non-financial income. The State's non-financial income forecast for 2012 stands at €119,233 million. The National Accounting adjustments stand at -€6,360 million, which means that spending capacity in the State budget is down by this amount. Due to the €2,270 million in obligations from previous years, the standardised spending limit is set at €116,295 million. Funds available for ministries are down by 12.5% this year, with a total of €57,978 million available to them.

General Budget

The setting of this expenditure ceiling marks the start of the process of drawing up the General State Budget, accounts that will be approved under exceptional budgetary circumstances, with the extension of the budget resulting from the call of early elections in November last year. It is these circumstances that have resulted in the Budget for 2012 having to be approved in an exceptionally short period of time, which means the process of approving the stability target will have to be swifter than normal.

COMPARACIÓN 2012-2011

Capacidad (+) / Necesidad (-) de financiación (en % del PIB)

	2011	2012 revisado	Reducción déficit
Administración central	-5,1	-4,0	-1,1
Comunidades Autónomas	-2,9	-1,5	-1,4
Corporaciones Locales	-0,4	-0,3	-0,1
Seguridad Social	-0,1	0,0	-0,1
TOTAL	-8,5	-5,8	-2,7