Press release

Debate in Congress on the ceiling on expenditure for 2013

Montoro says that we need to make Europe and its institutions more credible

- The minister stated that there is a need to "promote reforms in Spain and in European institutions that do not favour opportunist operations"
- The Government will correct the deficit to promote growth and create jobs because we need to break our dependency on external financing
- Cristóbal Montoro called on political groups to reach an agreement "because we need to agree"

24 **July** 2012. The Minister of Finance and Public Administrations, Cristóbal Montoro, today declared that " we need to make Europe and its institutions more credible" and defended the need to step up the reform of European bodies so they can perform. The crisis, added the minister, "has been caused by a lack of budgetary and financial discipline in a number of countries within the Eurozone, which did not realise the risks of borrowing and failing to instil financial discipline".

Cristóbal Montoro said there is a need to "promote reforms in Spain and in European institutions that do not favour opportunist operations". Spain's political project needs to fit in with that Europe, "a reformed and integrated Europe that leads to growth, we want to commit to the stability of that Europe" said the minister.

In his speech during the debate on the budgetary expenditure ceiling for 2013 in the plenary session of the Lower House of Parliament, the Finance Minister said that, "today we are talking of building a competitive Spain, with no internal imbalances, not dependent on external financing and all within the framework of the European Union". With regard to the single currency project "we are talking about strengthening the euro because Europe cannot be understood without its currency". "Europe will either be built with its currency, or not at all", added Montoro.

Next year, according to the Minister of Finance, will be the last of the recession. "Time has run out for financing inefficient public administrations", he stated. 2013 will be "a difficult year, one of adjustments, but with a slower decline in activity" than in 2012.

Budgets for coming out of the recession

The minister stressed that the aim of next year's budget is to put an end to the economic recession Spain is experiencing and that the setting of the expenditure ceiling, "which for the first time involves each and every one of the autonomous communities" is in line with the structural reforms Spain needs. "It is not a case of losing anything, it is about gaining a present, capacity and future" he added.

In his speech in the Lower House of Parliament, Montoro also highlighted that the public deficit will be corrected to promote growth and create jobs. He added that it is necessary to make a break between our financing and the rest of the world, which is where our economy breaks down. "We need to grow on our own financing, our own savings". He reminded those present that the government is committed to correcting the public deficit in a way that is compatible with economic activity and without promoting job losses.

The Minister of Finance and Public Administrations, who acknowledged that the risks to the economy are nearby, said that "we are once again holding out our hand to the political groups. We believe in agreement, let's acknowledge the seriousness of the situation. We need agreement, a commitment to flexibility and to dialogue".

Expenditure ceiling

The State expenditure ceiling for 2013 stands at €126,792 million, an increase of 9.2%, as a result of the major effort to meet debt interest payments, which are up by €9,114 million, and a €6,683 million increase in assignments to Social Security.

When these commitments are taken out of the equation, the expenditure ceiling falls by 6.6% to €73,255 million.

The State's forecast non-financial income for 2013 stands at €124,045 million and the funds paid to the regional administrations through the expenditure budget at €35,314 million.

Funds available to ministerial departments will be cut by 12.2% to €31,057 million.