



Financial and Fiscal Policy Council

The deficit and debt targets have been approved by the vast majority of Autonomous Regions

- All Autonomous Regions are obliged to meet the deficit target of 0.7% of GDP and to comply with the debt ceiling.
- As part of the Stability Act, the Autonomous regions are for the first time starting to draw up their budgets with an expenditure ceiling, which will help to ensure rigour and transparency
- Montoro: "Spain is taking steps to ensure we all comply and we are all going to comply"

31 July 2012. The Fiscal and Financial Policy Council has approved the proposed budget stability and public debt targets for each of the Autonomous Regions for the period 2013-2015, limits that all regional administrations are obliged to comply with, which were approved by a "crushing" majority of Autonomous Regions, with only the Canary Islands and Asturias voting against.

A deficit limit of -0.7% of regional GDP has been set for 2013, -0.1% for 2014 and a budget surplus of 0.2% for 2015. The Minister of Finance and Public Administrations, Cristóbal Montoro, underlined the fact that this is a very exacting and severe programme, also for the General State Administration and Social Security", but explained that it is the programme Spain needs to overcome the crisis, win confidence and get back on the road to economic growth and job creation.

With regard to regional debt, a limit of 15.1% of Spain's GDP has been set for 2012, 16% for 2013, 15.9% for 2014 and 15.5% for 2015. The

distribution among the regions for 2012 has been determined based on the sum of the following items:

- The outstanding debt of the autonomous region as at 31 December 2011, according to figures from the Bank of Spain,
- The authorised deficit for 2012 (1.5% of regional GDP),
- Payments for the years 2008 and 2009 to be repaid by the region in 2012.

As regards the absence of the regional departmental head from Catalonia and the regional departmental head from Andalusia walking out of the meeting, Montoro said that, against these "political stances", now is the time "to commit to reducing the deficit as a way out of the economic crisis. He asked that, instead of blaming the Spanish Government, these leaders should explain that the situation is due to the crisis and the lack of funds, which will not return until the public deficit is reduced. "We are expecting of the Autonomous Regions what we expect of ourselves in Europe" said the minister.

Montoro reminded his audience that since the Government came to power, it has been supporting the Autonomous Communities by providing them with liquidity through the supplier payment plan, the Official Credit Institute (ICO) loans and has set up a Regional Liquidity Fund. "At the same time we are calling on the regions to meet their deficit targets because this is our responsibility in this EU sovereign debt crisis".

The minister refuted claims that Andalusia or any of the other Autonomous Regions are being discriminated against by setting borrowing targets based on the outstanding debt of each of the regions as at 31 December, a situation inherited by this Government. The same mechanism has been applied to all the Autonomous Regions in order to set the debt targets. He also found it rather incredible that a head of a regional government department should walk out of the Council meeting over two points of debt when a further 2,700 million euros of debt has just been approved for paying suppliers.

AUTONOMOUS REGION	TOTAL DEBT 31/12/2012	IN REGIONAL GDP 2012
ANDALUSIA	17.340	12.07%
ARAGON	4.013	11.91%
Princ. ASTURIAS	2.582	11.28%
BALEARIC ISLANDS	4.874	18.37%
CANARY ISLANDS	4.529	10.98%
CANTABRIA	1.565	11.92%
C-LA MANCHA	7.668	20.43%
C. LEON	6.812	11.99%
CATALONIA	45.149	22.81%
EXTREMADURA	2.386	13.80%
GALICIA	8.159	14.32%
LA RIOJA	1.051	13.02%
MADRID	18.482	9.87%
Region of MURCIA	3.493	12.55%
NAVARRRE	2.733	14.77%
BASQUE COUNTRY	6.701	10.19%
VALENCIA	22.560	22.18%
TOTAL	160.099	15.1%

TARGET 2013		
AUTONOMOUS REGION	ABSOLUTE VALUES	% REGIONAL GDP
ANDALUSIA	19.249	13.2%
ARAGON	4.410	12.9%
Princ. ASTURIAS	2.866	12.4%
BALEARIC ISLANDS	5.150	19.2%
CANARY ISLANDS	5.047	12.1%
CANTABRIA	1.733	13.0%
C-LA MANCHA	8.139	21.4%
C. LEON	7.516	13.1%
CATALONIA	47.279	23.6%
EXTREMADURA	2.642	15.1%
GALICIA	8.891	15.4%
LA RIOJA	1.149	14.1%
MADRID	20.343	10.7%
Region of MURCIA	3.821	13.6%
NAVARRRE	2.904	15.5%
BASQUE COUNTRY	7.309	11.0%
VALENCIA	23.721	23.0%
TOTAL	172.170	16.0%