



GOBIERNO
DE ESPAÑA

MINISTERIO
DE HACIENDA
Y ADMINISTRACIONES PÚBLICAS



The Economist

Building the foundations for growth

12th. February 2012

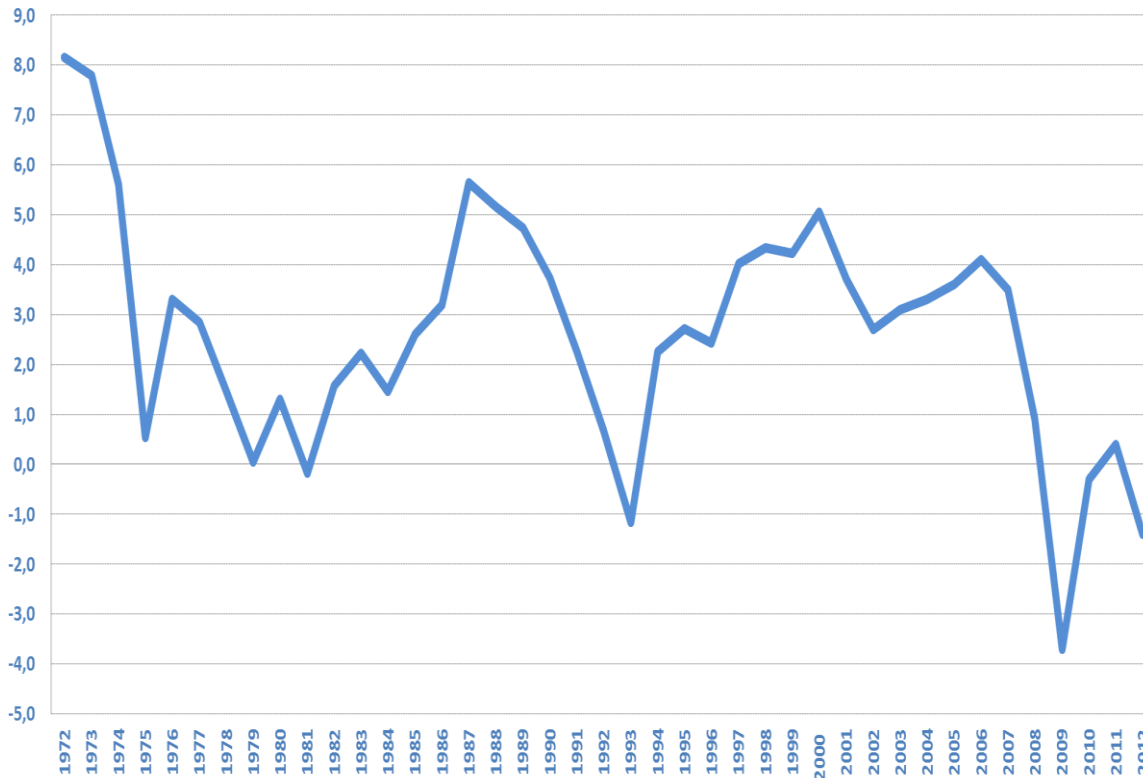


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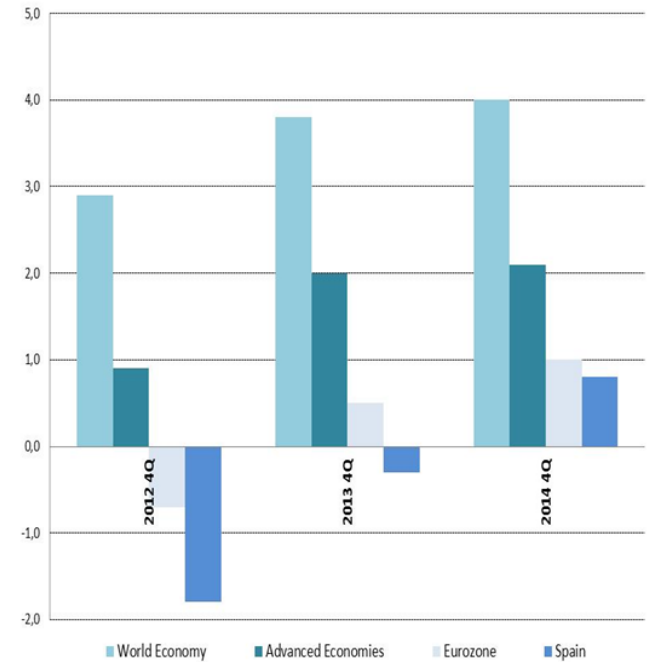
Spain's GDP history & projections for the international economy

Spain GDP (Volume, % annual)



Source: INE

GDP global forecast. IMF January 2013 (% annual)



Source: IMF WEO update

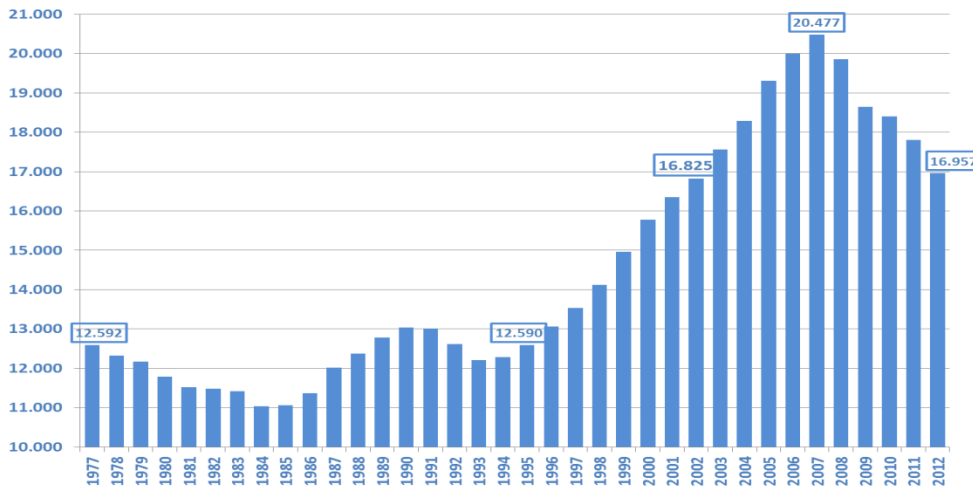


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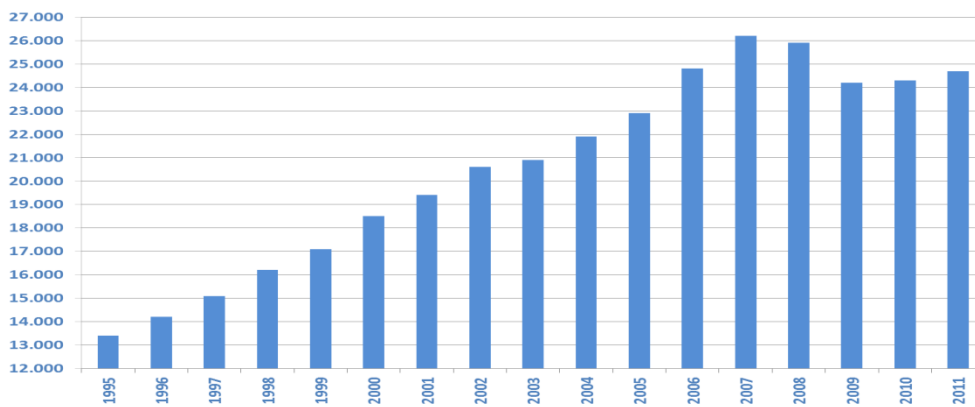
Present financial crisis vs mid 90's crisis: structural differences

Employed (thousands, 4Q)



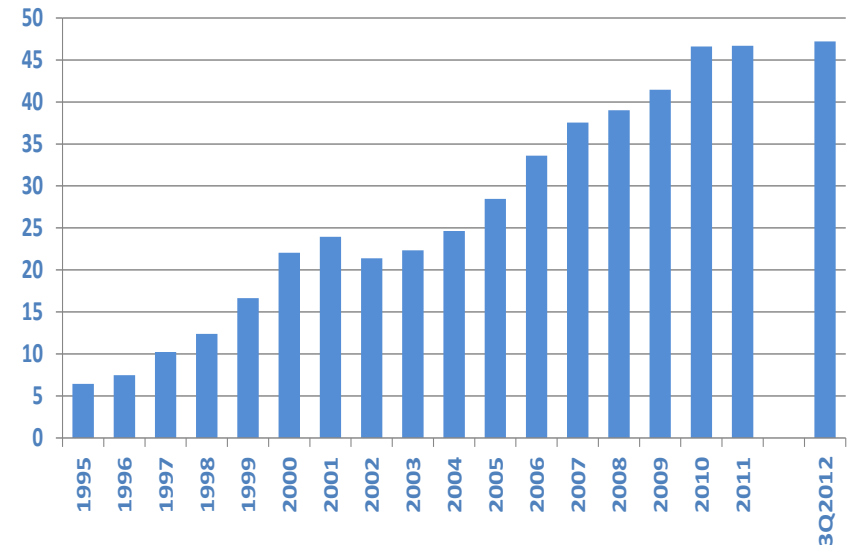
Source: INE

GDP per capita (PPP)



Source: Eurostat

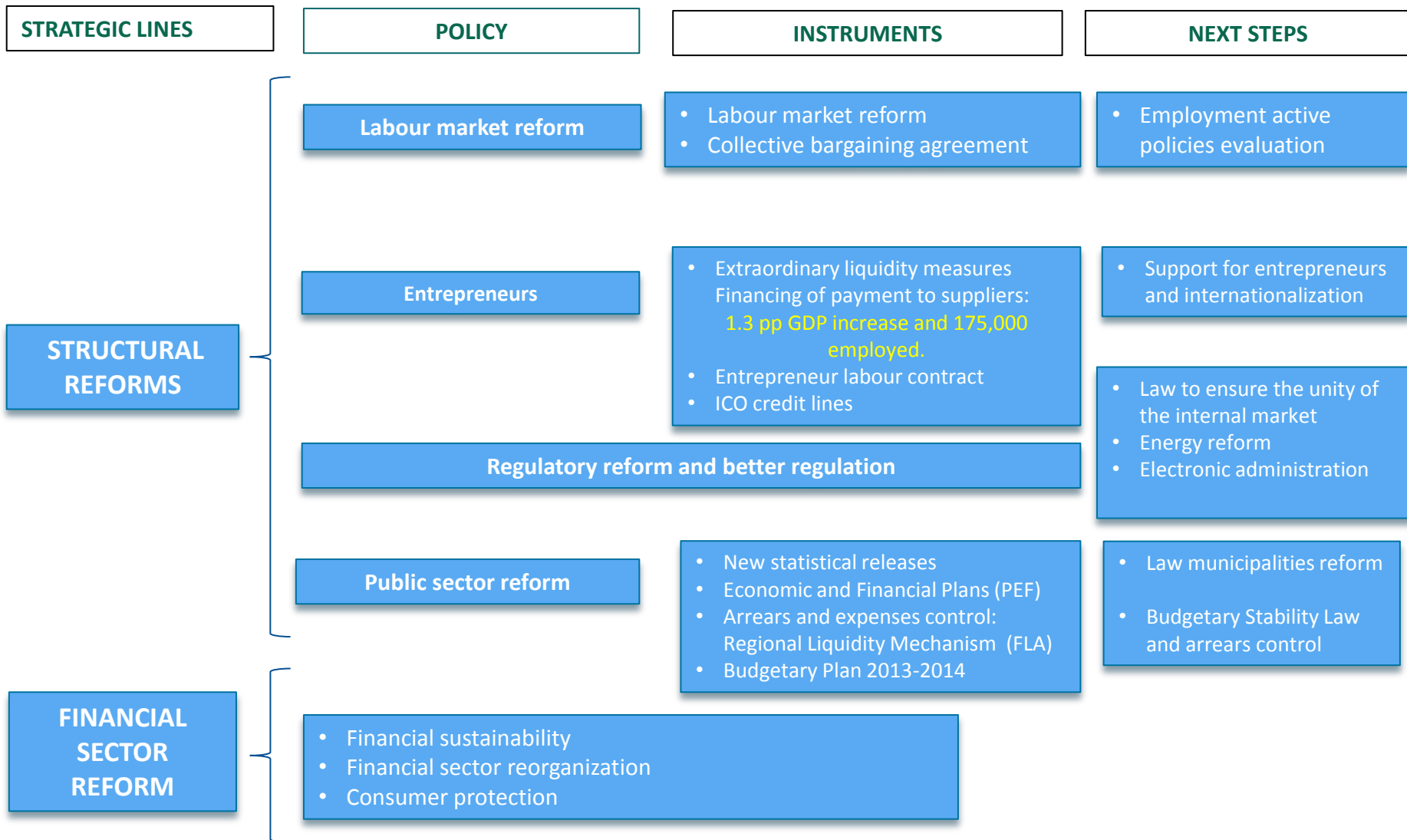
Spanish international direct investment position (%GDP)



Source: Banco de España



Economic policy strategy (I)





Economic policy strategy (II)

STRATEGIC LINES

POLICY

INSTRUMENT

NEXT STEPS

Economic governance improvement

- Constitutional reform
- Budgetary Stability Law: rules and surveillance improvement
- Transparency and frequency statistics: National accounts quarterly and monthly budgetary

- Transparency Law
- Monthly data in NA regions
- Independent Fiscal Council

FISCAL ADJUSTMENT

• Expenditure

- Current expenses cuts (**savings 5.425M€ 2012**). No replacement, increase working hours 37,5, Disability control (**3.500 M€ 2013**)
- Public business sector restructuring
- Real estate plan

- Public sector reform (Commission on Public administration reform)

• Revenues

- Curbing CIT deductions, so as to avoid leveraging and sustain tax revenues
- VAT rate increases, that homogenizes its structure to EU average
- PIT reform
- Increase excise rates.
- Fraud Law

- Electronic billing Law
- General Tax Law reform

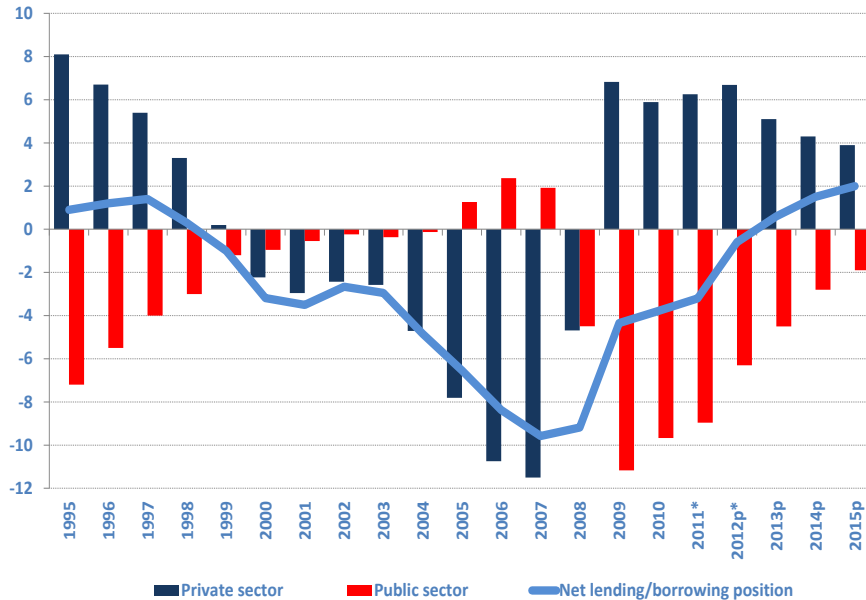


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Net lending/borrowing position

Net lending / borrowing position (%GDP, annual)



*2011 and 2012 are net of one off to the financial sector

Source: INE

	Quarterly data (%QGD ^P)			
	1Q2012	2Q2012	3Q2012	Oct-nov 2012*
Net lending (+) position	-5,5	-0,4	1,4	1,8

* %3QGD^P

Net lending / borrowing position (%GDP, quarterly)



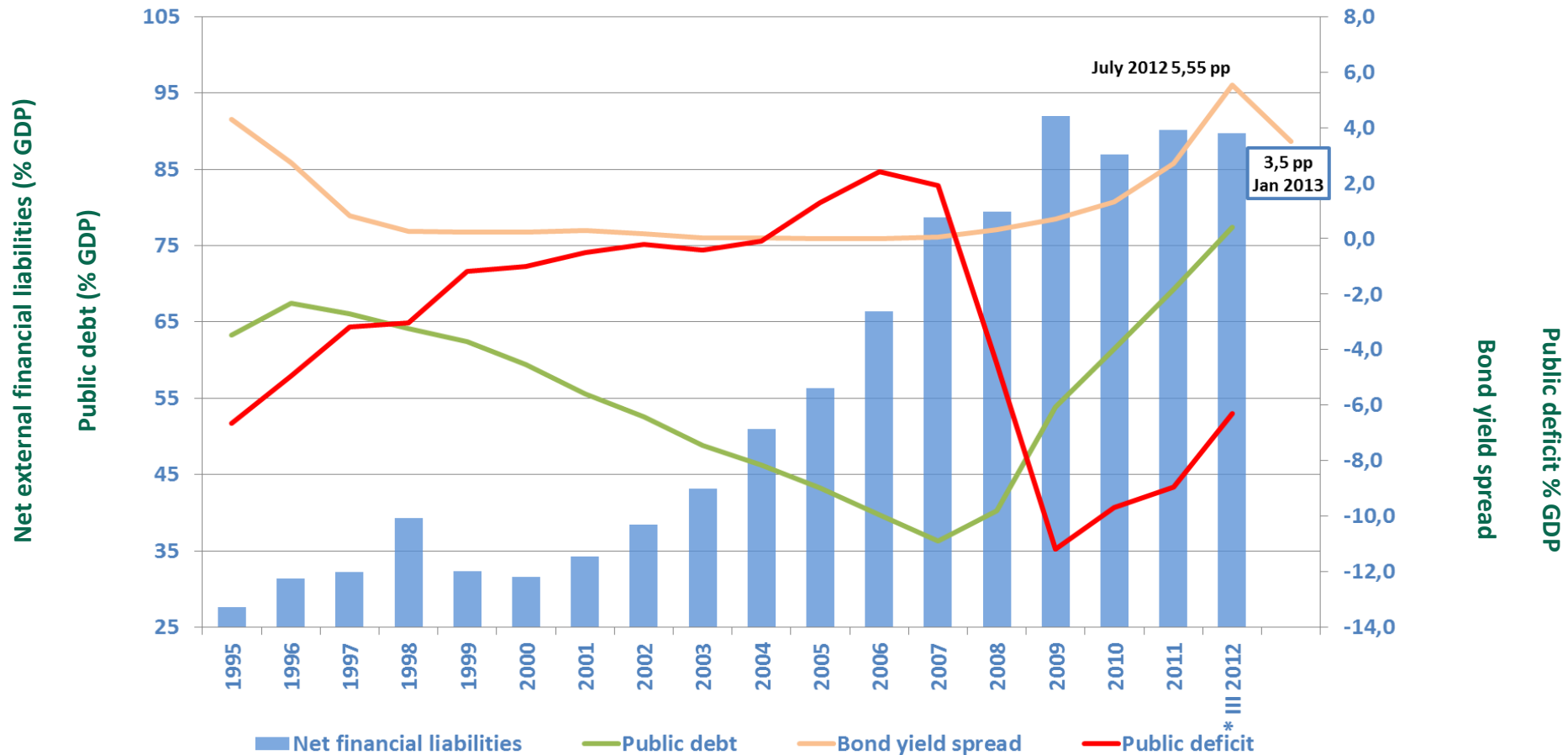
Source: INE



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Stabilization: external debt



Source: Banco de España

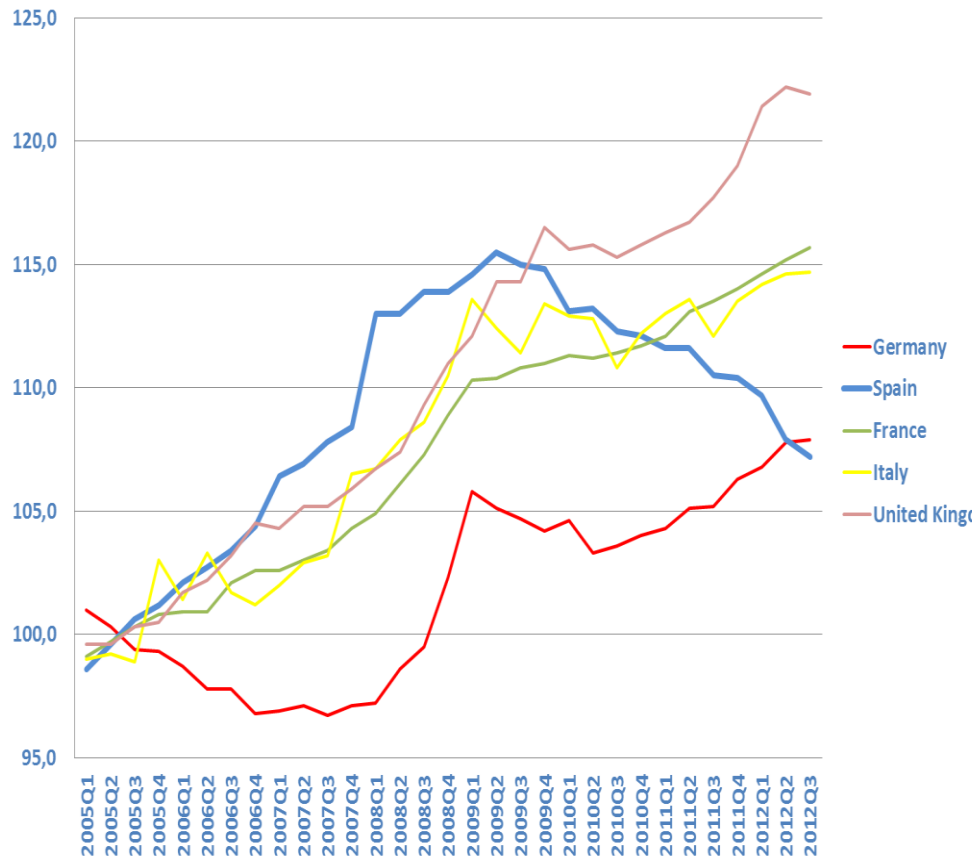


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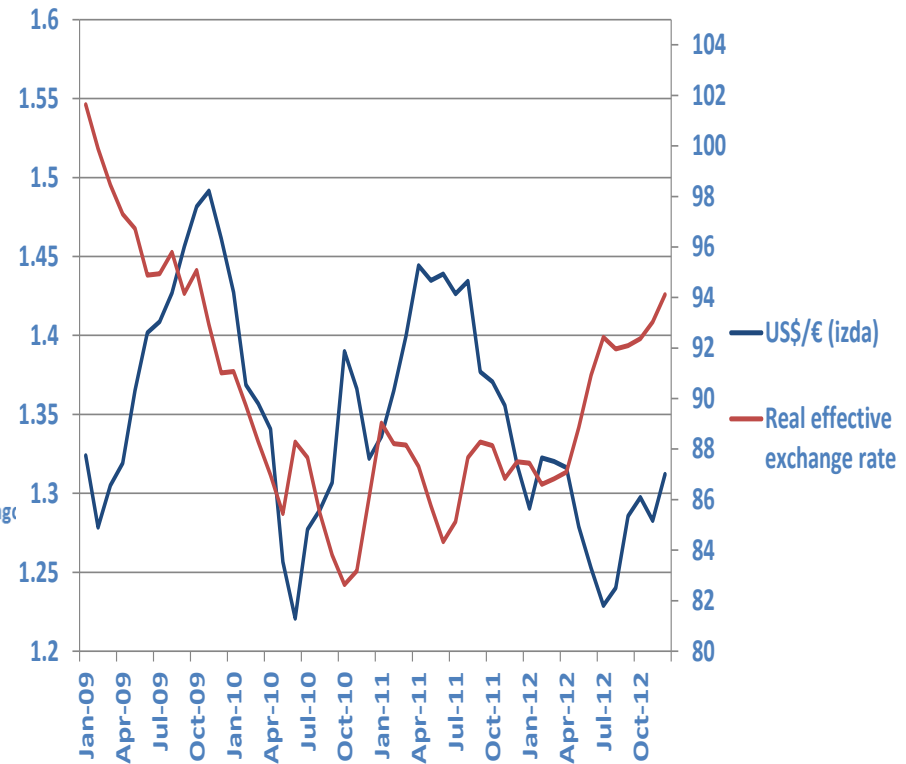
Competitiveness

Unit Labour costs



Source: Ministerio de Economía y Competitividad

Nominal & real exchange rates

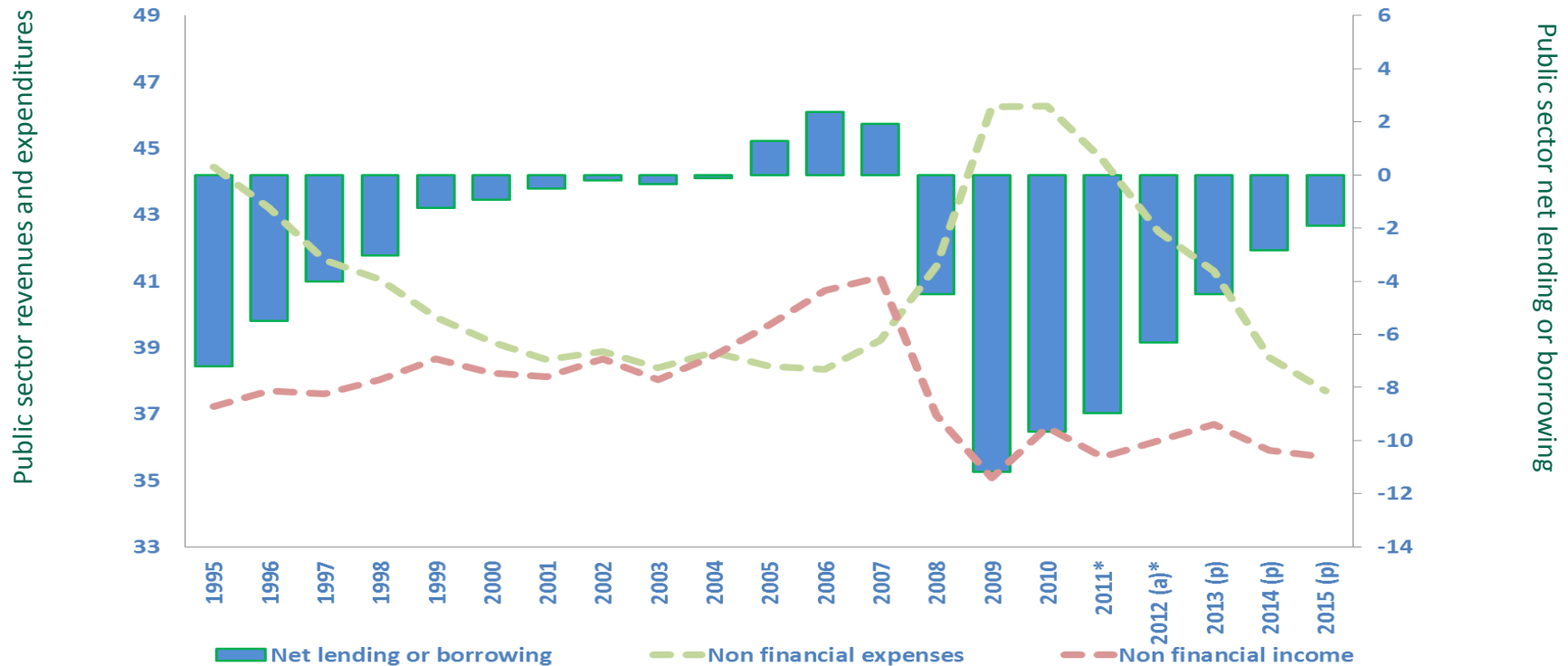


Source: Banco de España



Fiscal adjustment: national accounts

Fiscal consolidation General Government (%GDP)

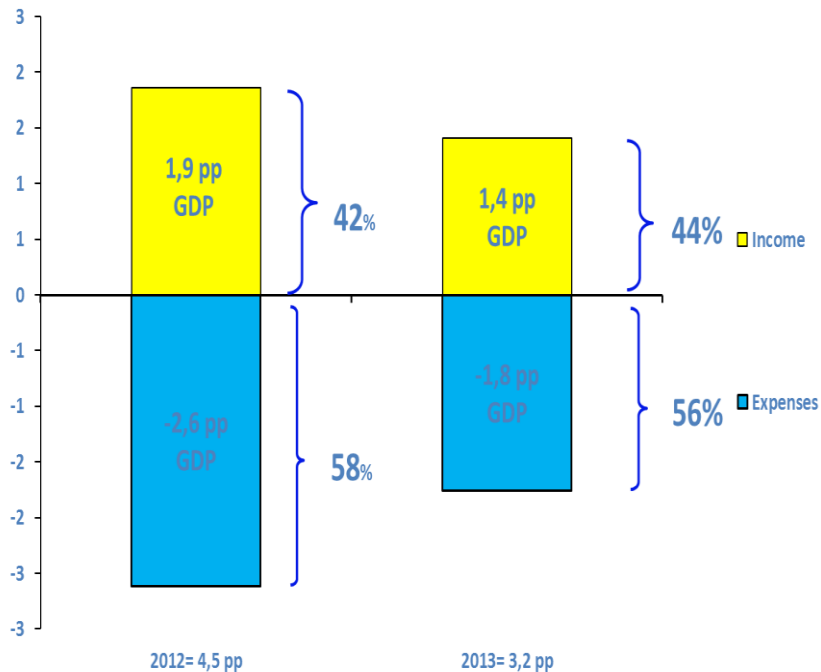


	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary fiscal impulse	-0.3	0.0	1.1	0.6	-0.6	-5.8	-4.0	1.9	0.5	3.5



Fiscal adjustment: 2012 & 2013

Public sector effective fiscal adjustment



Impact of Measures Approved in 2012 (% of GDP)		
	2012	2013
Revenue-side		
	+1,9 p.p.	+1,4 p.p.
Personal Income Tax	0.4	0.3
Corporate Tax	0.4	-0.1
VAT	0.1	0.8
Other Indirect Taxes	0.0	0.2
Tax Regularisation	0.1	-0.1
other (tasas & green taxes)		0.2
Real Estate Tax	0.1	
Regional Gov. Revenue Measures	0.5	
Social Security Contributions		0.2
Fight Against Soc. Sec Fraud	0.2	
Expenditure-side		
	-2,6 p.p.	-1,8 p.p.
Public employment	-0.5	0.2
Labour market	-0.2	-0.4
Long-term care & other social spending	0.0	-0.1
Specific Central Gov. Measures	-0.8	-0.4
Specific Regional Gov. Measures	-0.9	-0.7
Reform of Local&Regional Gov.	-0.1	-0.3
Total	4,5 p.p.	3,2 p.p.

Source: Ministerio de Hacienda y AAPP

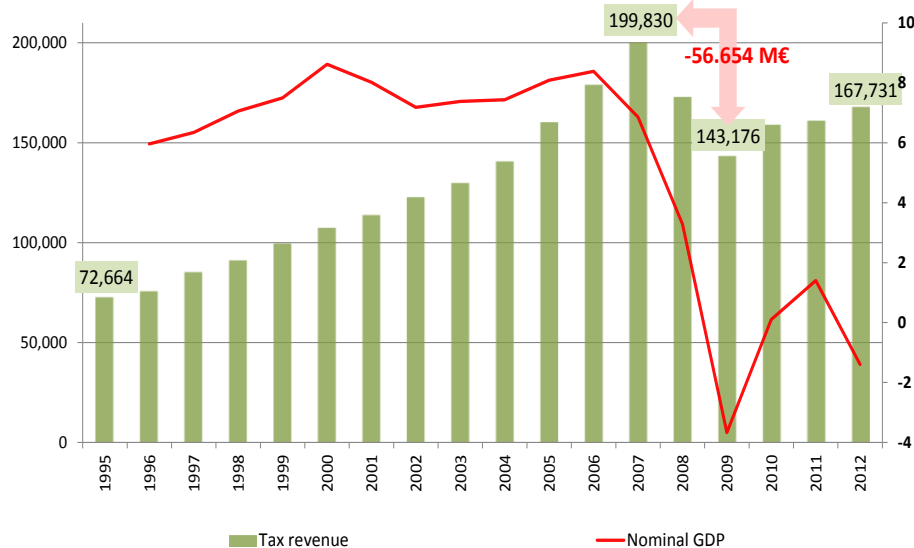


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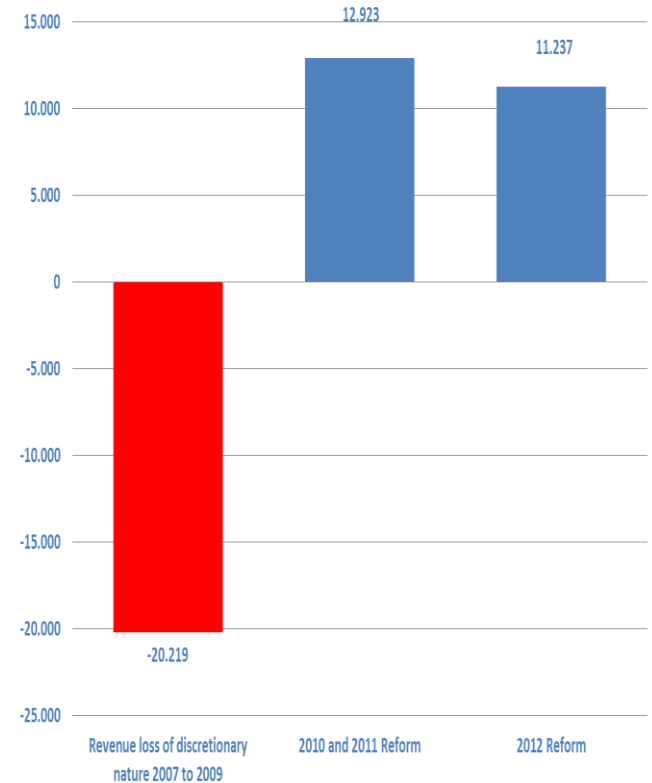
MINISTERIO DE HACIENDA Y ADMINISTRACIONES PÚBLICAS

Revenue loss during the financial crisis and tax collection 2012

Tax revenues 2012 and nominal GDP



Tax collection due to reforms* (million €)



Source: Ministerio de Hacienda y AAPP. AEAT.

*accrual terms

Source: Ministerio de Hacienda y AAPP. AEAT.



2012 Non financial revenues: achievements

	mill €		% variation	% variation
	Budget 2012	Collection 2012 (Advance)	<i>Collection 2012 - Budget 2012</i>	<i>Collection 2012 - Budget 2012</i>
I a II. TAX REVENUES	167.797	167.731	-66	-0,0
III. a VII. OTHER INCOME	43.292	47.786	4.494	10,4
TOTAL NON FINANCIAL REVENUES	211.089	215.517	4.428	2,1

	mill €			% variation		% variation	
	Collection 2011	Collection 2012	Collection 2012 (Advance)	<i>Collection 2012 - Budget 2012</i>	<i>Collection 2012 - Budget 2011</i>	<i>Collection 2012 - Budget 2012</i>	<i>Collection 2012 - Collection 2011</i>
	Total	Total	Total	Total	Total	Total	Total
Personal Income tax	69,803	73,106	70,619	-2,487	816	-3.4	1.2
Corporate Income Tax	16,611	19,564	21,435	1,871	4,824	9.6	29.0
Nonresident Personal Income tax	2,040	2,411	1,708	-703	-332	-29.2	-16.3
I. Direct taxes	89,640	98,720	96,139	-2,581	6,499	-2.6	7.3
VAT	49,302	47,691	50,462	2,771	1,160	5.8	2.4
Excise Taxes	18,983	18,426	18,209	-217	-774	-1.2	-4.1
II: Indirect Taxes	71,250	69,077	71,592	2,515	342	3.6	0.5
I a II. Tax revenues	160,890	167,797	167,731	-66	6,841	-0.0	4.3



Tax revenues increase explained by tax reform effects in a year of GDP contraction





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Expenditure reduction

(million euro)

	2011	2012	2013	% (2013/2011)
EXPENDITURE OF MINISTRIES HOMOGENEOUS (non financial expenditure limit)	42.328	35.392	31.037	-26,0%

Source: Ministerio de Hacienda y AAPP