



SPRING 2011 ECONOMIC OUTLOOK FOR SPAIN: ANSWERS FROM CEOE

MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	-0,1	0,7
Consumer price inflation	1,8	2,6
Unemployment rate	20,1	20,6
Employment growth	-2,3	-0,3
Government net lending (% of GDP)	-9,2	-6,5
Gross public debt (% of GDP)	0,0	0,0
Current account balance (% of GDP)	-4,4	-3,0

Components of aggregate demand - in real terms

Annual % change		
Private consumption	1,3	0,7
Public consumption	-0,7	-0,9
Investment (Gross Fixed Capital Formation)	-7,5	-3,6
Private non-residential investment	1,9	2,2
Exports	10,3	8,1
Imports	5,5	2,8

ECONOMIC SENTIMENT

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
<i>Trend in business climate over the next 6 months</i>				Industry		
				Services		
<i>Trend in profitability over the next 6 months</i>						
	Industry					
				Services		
<i>Investment intentions over the next 6 months</i>	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
		Industry				
		Services				
<i>Influence on companies' investment decisions</i>	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
	positive	negative	negative	negative	neutral	negative
<i>Driving force behind investment decisions in the next 6 months</i>	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	positive	negative	positive	neutral		
<i>Overall trend in employment</i>						
	Down	Same	Down	Same		

Industry: past 6 months Industry: next 6 months Services: past 6 months Services: next 6 months

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago, cost/access to finance has been...	sharply up / restrained	up / more difficult	same	down / easier	
<i>for SMEs</i>		Access	Cost		
<i>for larger companies (>250 employees)</i>			Cost Access		
Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier	
<i>for SMEs</i>		Cost Access			
<i>for larger companies (>250 employees)</i>		Cost	Access		
	Consolidation of banking sector balance sheets	Access to capital markets	Encouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
Measures to alleviate current financial difficulties for SMEs	Very important effect	Very important effect	Moesrate effect	Very limited effect	Important effect
	Consolidation of banking sector balance sheets	Access to capital markets	Encouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
Measures to alleviate current financial difficulties for midsize and large companies	Very important effect	Very important effect	Important effect	Important effect	Important effect



POLICY MIX

	<i>Tight, appropriate for the euro area</i> yes	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>		yes			
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>			yes		
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</i>					
<i>Tight fiscal rules and more effective institutions</i>			yes		
<i>Greater efficiency of public administrations</i>				yes	
<i>Credible cost-cutting measures</i>				yes	
<i>Increased scope of public-private partnerships</i>					yes
<i>Reform of pension systems</i>		yes			
<i>Improved efficiency of healthcare sector</i>				yes	
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i>					
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>				yes	
<i>Growth enhancing tax reforms</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	no			