

SPRING 2012 REFORM BAROMETER – SPAIN

		<u>Level</u>			<u>Rank</u>			<u>Gap</u>		<u>Areas of Action</u>
		2010	2011	Change	2010	2011	change	EU top 5	Gap ¹	
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	24477	24936	1,9%	17	17	0	NL AT IE SE DK	-22%	
	2 GDP per capita (€ at 2000 prices)	20628	20706	0,4%	18	18	0	DK IE SE NL AT	-41%	
	3 Labour productivity per hour worked (PPP)	35,8	36,8	2,7%	15	15	0	NL BE FR IE DE	-18%	
	4 Labour productivity per person employed (PPP)	60162	62094	3,2%	12	12	0	IE BE AT FR NL	-10%	
	5 Private investment (excluding non residential, %GDP)	3,6	4,8	1,2	23	17	6	SK AT BE IT CZ	-3,7	
	6 Industrial activity (% total value added)	15,4	16,0	0,6	26	25	1	SK CZ IE RO HU	-14,4	
	7 R&D expenditure (% GDP) *	1,4	1,4	0,0	20	21	-1	FI SE DK DE AT	-1,8	
	8 Operating surplus (% total value added)	40,0	40,1	0,1	20	20	0	BG GR RO LT IE	-15,0	
Pillar II	9 Current Account (% GDP)	-4,5	-3,4	1,1	27	24	3	SE DK NL LU DE	-9,1	
	10 Export market share (gain from 2000)	0,4	4,5	4,2	17	14	3	LT RO HU BG CZ	-58,6	
	11 Net export contribution to GDP	0,9	1,9	1,0	14	9	5	PT IE GR SK HU	-1,2	
	12 Relative yearly gain in global trade share (% total trade)	-0,11	-0,02	0,1	26	12	14	EE LT LV BG CZ	-0,12	
	13 Relative unit labour cost (gain from 2000)	4,5	2,7	-1,8	17	15	2	DE SE AT PL GR	9,7	
	14 High-tech exports (% total exports) **	4,2	4,7	0,5	29	28	1	MT LU HU IE CY	-25,3	
Pillar III	15 Employment rate (% working age population)	58,6	58,0	-0,6	32	32	0	AT NL LU DE CY	-12,4	
	16 Employment rate 15-24 (% population 15-24)	24,9	22,1	-2,8	24	25	-1	NL DK AT DE UK	-31,2	
	17 Employment rate 55-64 (% population 55-64)	43,6	44,5	0,9	19	19	0	SE DE DK UK FI	-16,1	
	18 Annual hours worked (per capita)	1678	1687	0,5%	18	18	0	PL PT CZ GR HU	-15%	
	19 Labour participation (% working age population)	73,9	74,0	0,2	17	17	0	SE DK NL PT DE	-5,7	
	20 Working age population (as % total population)	68,0	67,6	-0,4	14	15	-1	SK PL CY LT RO	1,0	
	21 Unemployment rate (% labour force)	20,1	20,2	0,1	32	32	0	AT NL LU DK MT	14,8	
Pillar IV	22 Gross debt - general government (% GDP)	61,0	69,6	8,5	15	17	-2	EE BG LU RO SE	47,0	
	23 Net debt - general government (% GDP)*	-29,5	-31,0	-1,5	16	14	2	EE DK BG RO SE	-36,4	
	24 Government budget balance (% GDP)	-9,3	-6,6	2,7	26	26	0	HU SE EE LU FI	-5,2	
	25 Primary balance (% GDP)	-7,4	-4,5	3,0	30	28	2	HU SE DE EE IT	-6,9	
	26 Tax burden (% GDP)	33,8	33,7	0,0	12	12	0	BG LT LV RO SK	5,8	
	27 Highest marginal tax rate, individual rate (%)	43,0	45,0	0,0	19	20	-1	BG CZ LT RO SK	30	
	28 Public investment (% total public expenditure)	9,4	6,9	-0,3	10	16	-6	RO PL BG LV LT	-8,1	
Pillar V	29 Net foreign assets (% GDP) *	90,5	86,8	-3,7	23	22	1	LU NL CY BE DE	162,5	
	30 Net financial assets, households (% GDP) *	77,9	77,5	-0,4	15	16	-1	BE IT MT NL CY	-93,3	
	31 Net financial liabilities, non financial corporations (% GDP)*	-144,0	-136,2	7,8	21	21	0	SK DE NL GR DK	75,8	
	32 Regulatory tier 1 capital to risk weighted assets *	9,3	9,7	0,4	28	29	-1	EE BE MT LU RO	-5,2	
	33 Non performing loans to total gross loans	5,1	5,3	0,2	18	14	4	FI LU SE AT BE	-6,7	
	34 Loans to private sector (% GDP) *	178,3	179,1	0,8	22	22	0	RO SK PL CZ LT	127,4	
	35 Bank liabilities (%GDP) *	279,9	274,2	-5,7	18	17	1	RO SK PL LT BG	194	

■ Five best

■ Lowest third

1. Percentage points, when not indicated otherwise

* 2009/ 2010 data

** 2008/ 2009 data

A methodological note can be found in the report or [here](#).

PRIORITIES FOR REFORM IN 2012

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	19	Simplification of the tax administrative burden. Achieve a stable tax system which ensures legal certainty to operators. Reduce employers' contributions to social security.		X
Priority 2	17	National agreement to reduce public sector size and public spending. Assessment and transparency of public spending. Efficiency and cost-cutting measures versus raising fiscal pressure. Pension system reform. Control of local and regional administration spending.	Mostly Yes	
Priority 3	23	Reinforce the ongoing restructuring of the savings banks sector. Commit Public Administration to uphold Late Payments law. Increase financing instruments (venture capital, seed capital...)	Mostly Yes	
Priority 4	9	It is urgent to make relevant progress in line with the flexisecurity approach, eliminating rigidities and making attractive permanent contracts in order to promote employment recovery and to overcome the labour market segmentation		X
Priority 5	11	It is important to tackle in the social dialogue a reform of the collective bargaining system in order to promote a better structure of the model, adapting its content and structure to companies needs, avoiding overlappings and distortions. It also urgent to eliminate indexation wage setting practices.	X	

Policy areas

1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments

REFORM PROGRESS IN 2011

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?		How do you assess reform progress over the past year? (1 for excellent progress; 5 for no progress) *		Are these priorities properly identified in the National Reform Programme submitted by your government in	
			Yes	No	Comments	Rank	Yes	No
Priority 1	19	Reduce company taxation; Promote RDI through tax incentives; Simplify tax administrative burden; Achieve a stable tax system which ensures legal certainty to operators; Reduce employers' contributions to social security.		x		5		Mostly No
Priority 2	17	National agreement to reduce public sector; Assessment and transparency of public spending; Efficiency and cost-cutting measures vs raising fiscal pressure. Pension system reform. Control of local and regional administration spending.	X			4	Mostly Yes	
Priority 3	3	R&D to reach 2, 2 % of GDP in 2011 (public and private); Increase the number of patents granted. Adapt the research to the needs of the industrial Sector. Reinforce public-private collaboration and promote transfer of knowledge from basic research to technological applications. Increase participation on R&D EU programs.	Mostly Yes	Establish a tax credit system for tax deduction for R&D.		4	Mostly Yes	
Priority 4	9	Progress in line with the flexisecurity, eliminating rigidities and making attractive permanent contracts in order to promote employment recovery and to overcome the labor market segmentation.		x	The recent labour reform has not tackled in an ambitious way segmentation in labour market	4	Yes	
Priority 5	11	Tackle reform of the collective bargaining system in order to promote a better structure of the model, adapting its content and structure to companies needs, avoiding overlappings and distortions.	Yes (the reform is being discussed		The recent reform on collective bargaining is very limited and does not solve the rigidity problems of our collective bargaining structure.	4	Yes	

* Please see list of areas on page 2 "reform priorities for 2012"

* **Rank of reform progress:** 1. Excellent/ no further progress needed; 2. Satisfactory; 3. Mixed; 4. Unsatisfactory; 5. No progress

REFORM PROGRESS IN OVERALL POLICY AREAS 2011

	<i>Excellent</i>	<i>Satisfactory</i>	<i>Mixed</i>	<i>Unsatisfactory</i>	<i>No progress</i>
Productivity and investment				X	
International competitiveness			X		
Labour market				X	
Public finances			X		
Financial stability				X	

EUROPEAN SEMESTER

1. Do you believe the European Semester will bring a real change to policy coordination in Europe?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		X		

2. Basing your analysis on the National Reform Programme submitted by your government, would you consider that it reveals a greater commitment from your country to this process?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

3. Do you believe the National Reform Programme submitted by your government properly reflects the key challenges in your country?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

4. The Commission's country specific recommendations for your country are:

<i>Excessively complacent</i>	<i>Slightly too positive</i>	<i>Absolutely appropriate</i>	<i>Slightly too negative</i>	<i>Excessively harsh</i>
		X		

5. Are the country-specific recommendations being properly implemented?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
			X	

6. Are commitments concerning the euro plus pact properly addressed by your government in the NRP?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

7. Do you believe the Commission recommendations in this area to be appropriate?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			