

SPRING 2010 REFORM BAROMETER - SPAIN

1. SUMMARY TABLE

<u>Spain</u>				Rank among 29 **			Relative Gap	
	2008	2009	Change	2008	2009	Change	EU 5 top performers 2009	Gap to EU 5 top performers 2009
GDP per capita (Purchasing Power Parity - PPP)	26146	24526	-6.2%	14	14	0	LU, IE, NL, AT, BE	-28%
GDP per capita (€ at 2000 prices)	17637	16769	-4.9%	15	15	0	LU, DK, SE, IE, UK	-51%
Labour Utilisation (Annual hours worked per capita)	728	668	-8.2%	22	25	-3	CY, SI, GR, CZ, PL	-24%
Annual hours worked per person employed	1647	1641	-0.4%	21	20	1	GR, HU, PL, SI, CZ	-19%
Employment as % of labour force (100-unemployment rate)	88.7	82.1	-6.6	29	29	0	NL, DK, AT, CY, LU	-14
Labour participation (labour force as % of active population)	72.6	72.4	-0.2	14	14	0	NL, DK, SE, DE, UK	-7
Dependency ratio (working age population as % of total population)	68.6	68.5	-0.2	11	12	-1	SK, PL, CY, CZ, RO	-4
Labour Productivity (GDP per hour worked, in PPP)	35.3	36.1	2.2%	13	10	3	LU, BE, NL, FR, DE	-16%
Labour Productivity (GDP per hour worked, € at 2000 prices)	23.8	24.7	3.6%	15	15	0	LU, SE, BE, DK, FR	-48%
Capital deepening (capital stock per hour worked)*	4.9	5.1	3.4%	14	12	2	IE, FR, LU, AT, SE	-13%
Total Factor Productivity (level of economic efficiency per hour worked)*	4.8	4.8	0.2%	15	15	0	LU, UK, DK, SE, BE	-44%
Corporate Investment (private investment excluding non-residential, % GDP)	16.6	11.0	-5.5	2	9	-7	BE, RO, AT, DK, SK	-2.1
Current Account Balance (as % GDP)	-9.5	-5.4	4.1	22	23	-1	LU, SE, LV, DE, EE	-11.7
Export market share measured in volume relative to main 35 trading partners (from 2000)	-2.8	-3.1	-0.3	18	18	0	RO, LT, HU, CZ, PL	-57.9
Unit labour Costs relative to main 35 trading partners (from 2000)	8.4	5.4	-2.9	17	13	4	DE, PL, AT, SE, GR	12.5
Government gross debt (as % GDP)	39.7	54.3	14.6	13	16	-3	EE, LU, BG, RO, LT	36.4
Net lending/net borrowing of general government (as % GDP)	-4.1	-11.2	-7.2	23	26	-3	BG, DK, SE, LU, FI	-9.3
Required budgetary adjustment related to ageing (as % GDP)	N/A	3.6	N/A	N/A	20	N/A	PL, EE, HU, BG, SE	3.5
Public Investment (as % total public expenditure)	10.7	11.8	1.1	11	7	4	BG, RO, EE, CZ, PL	-4.6
Tax burden (as % GDP)	33.1	30.2	-2.9	9	7	2	LV, RO, IE, SK, LT	2.3

Note: Labour utilisation and productivity are a product of its sub-components.

* Rank refers to EU15 ** EU 27, Norway and Switzerland

Source : European Commission, Eurostat

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

2. PRIORITIES FOR REFORM: ANSWERS FROM CEOE (SPAIN)

	1. Priority areas	2. Concrete Recommendations	3. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	Orientation and sustainability of public finances	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 2	Wage bargaining and wage-setting policies	Introducing wage-setting policies linked with productivity growth instead of last year CPI index-linked. Trying to avoid automatic indexation clauses in companies' wage policies. Set wage increases below productivity growth in order to slow down unit labour costs. Add effective derogation clauses in sectorial bargaining to allow companies with financial problems to freeze wage increases.		Mostly NO
Priority 3	Sector specific regulation (telecom, energy)	Stability of legislative framework. Remove Renewables subsidies from regulated tariff, allocating it to the national budgets instead.		Mostly NO
Priority 4	R&D and innovation	Increase expenditure on R&D as a percentage of GDP to reach 2, 2 % of GDP in 2011. Adapt the research being conducted at the University and in the Technology Centres to the needs of the industrial Sector. Establish a tax credit system for tax deduction for R&D. Increase the participation on R&D EU programs, especially on the FP 7.	Increase expenditure on R&D as a percentage of GDP to reach 2, 2 % of GDP in 2011. Adapt the research being conducted at the University and in the Technology Centres to the needs of the industrial Sector. Increase the participation on R&D EU programs.	Establish a tax credit system for tax deduction for R&D.
Priority 5	Education and life-long learning	Developing a comprehensive strategy for lifelong learning. Making more flexible and permeable education and training systems at all levels. Action plan for reducing early school leavers. Increasing incentives for companies and individuals investing in lifelong learning. Comprehensive action plan to improve cooperation between education and business. Creating efficiency of education and training expenses.	Developing a comprehensive strategy for lifelong learning Making more flexible and permeable education and training systems at all levels Action plan for reducing early school leavers	Increasing incentives for companies and individuals investing in lifelong learning. Comprehensive action plan to improve cooperation between education and business. Increasing efficiency of education and training expenses.