

SPRING 2011 REFORM BAROMETER - SPAIN

	Level			Rank			Gap		Areas of Action	
	2009	2010	Change	2009	2010	change	EU top 5	Gap ¹	2010	
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	24541	24913	1,5%	16	17	-1	NL IE SE AT DE	-18%	
	2 GDP per capita (€at 2000 prices)	16861	16661	-1,2%	18	18	0	DK SE IE FI AT	-46%	
	3 Labour productivity per hour worked (PPP)	35,6	37,1	4,2%	11	12	-1	NL BE FR DE IE	-11%	
	4 Labour productivity per person employed (PPP)	58764	61378	4,4%	10	9	1	IE BE FR SE NL	-8%	
	5 Private investment (excluding non residential, %GDP)	11,2	10,3	-0,9	8	9	-1	BG BE AT DE IT	-3,3	
	6 Industrial activity (% total value added)	17,4	16,2	-1,3	25	26	-1	IE SK CZ FI SI	-16,5	
	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)	39,6	37,4	-2,2	17	23	-6	BG GR MT SK IE	-14,1	
Pillar II	9 Current Account (% GDP)	-5,5	-4,8	0,7	27	28	-1	LU SE NL DE DK	-10,7	
	10 Export market share (gain from 2000)	-2,7	-2,6	0,1	21	20	1	RO LT CZ HU BG	-66,0	
	11 Net export contribution to GDP	3,4	1,0	-2,4	10	14	-4	BG IE GR HU CY	-2,9	
	12 Share in global trade	2,1	1,9	-0,2	9	9	0	DE FR NL UK IT	-2,4	
	13 Relative unit labour cost (gain from 2000)	5,7	4,9	-0,8	17	16	1	DE PL AT SE FR	12,7	
	14 High-tech exports (% total exports) **	4,2	4,2	-0,1	27	29	-2	MT LU IE HU CY	-24,6	
Pillar III	15 Employment rate (% working age population)	59,8	58,5	-1,3	32	32	0	NL DK SE AT DE	-10,3	
	16 Employment rate 15-24 (% population 15-24)	28,0	24,9	-3,1	20	21	-1	NL DK AT UK DE	-28,7	
	17 Employment rate 55-64 (% population 55-64)	44,1	43,5	-0,6	20	20	0	SE DE UK CY DK	-16,2	
	18 Annual hours worked (per capita)	1653	1656	0,2%	20	20	0	PL GR HU LV CZ	-16%	
	19 Labour participation (% working age population)	73,6	73,7	0,2	17	17	0	DK SE NL PT DE	-6,2	
	20 Working age population (as % total population)	68,8	68,4	-0,4	11	12	-1	SK PL CY CZ RO	1,0	
	21 Unemployment rate (% labour force)	18,0	20,1	2,1	32	32	0	AT NL LU MT CY	14,5	
Pillar IV	22 Gross debt - general government (% GDP)	53,2	64,4	11,2	15	16	-1	EE LU BG RO LT	40,3	
	23 Net debt - general government (% GDP)*	22,9	34,3	11,5	18	17	1	FI EE SE BG CZ	98,5	
	24 Government budget balance (% GDP)	-11,1	-9,3	1,8	28	28	0	SE EE LU FI DE	-7,2	
	25 Primary balance (% GDP)	-9,4	-7,3	2,0	30	29	1	HU SE IT EE MT	-6,9	
	26 Tax burden (% GDP)	32,3	34,0	0,1	11	11	0	LV SK RO BG LT	3,5	
	27 Highest marginal tax rate, individual rate (%)*	43,0	43,0	0	24	23	1	BG CZ LT RO SK	25	
	28 Public investment (% total public expenditure)	11,0	10,2	-0,1	8	8	0	PL CZ RO BG LV	-3,8	
	29 Budgetary adjustment related to age (% GDP)	N/A	3,6	N/A	N/A	21	N/A	PL EE HU BG SE	3,5	
	30 Net foreign assets (% GDP) *	80,9	91,4	10,5	21	21	0	NL BE DE DK FI	115,7	
Pillar V	31 Net financial assets, households (% GDP) *	67,3	76,3	9,1	11	12	-1	BE IT NL FR DE	-82,0	
	32 Net financial liabilities, non financial corporations (% GDP)*	137,0	143,1	6,2	20	19	1	SK NL DE GR PL	80,7	
	33 Regulatory tier 1 capital to risk weighted assets *	11,3	12,2	0,9	19	26	-7	MT LU BE BG EE	-5,0	
	34 Non performing loans to total gross loans *	3,4	5,1	1,7	22	18	4	FI LU SE SI AT	3,4	
	35 Loans to private sector (% GDP)	177,3	178,7	1,4	21	22	-1	RO SK PL CZ HU	124,8	
	36 Bank liabilities (%GDP) *	261,0	278,3	17,3	17	18	-1	SK RO PL LT BG	202	

■	Five best
■	Lowest third

1. Percentage points, when not indicated otherwise

* 2008/ 2009 data
** 2007/ 2008 data

PRIORITIES FOR REFORM: ANSWERS FROM CEOE (SPAIN)

	Policy Area	Concrete Recommendations	Are the proposed recommendations already in the agenda of your	
			Yes	No
Priority 1	19	Reduce company taxation to improve competitiveness and boost investment; Promotion of R & D & i through tax incentives; 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.	X	
Priority 3	1	Simplifying legislation and cutting administrative burdens; Avoiding scattered legislation; Stability and predictability of the regulatory framework; Reducing the time and cost of setting up a company	X*	
Priority 4	3	Increase total expenditure on R&D as a percentage of GDP to reach 2, 2 % of GDP in 2011,(public and private combined); Increase Total R&D expenditure performed by businesses to reach 60% out of total expenditure performed by all sectors in 2011; Increase Total R&D expenditure funded by businesses to reach 55% out of total expenditure funded by all sectors in 2011; Increase the number of patents granted; Adapt the research being conducted by University and Technology Centres to the needs of the industrial Sector; Reinforce public-private collaboration and promote transfer of knowledge from basic research to technological applications; A major effort must be done to avoid that the commitment to reduce public expenditure falls on the R & D and innovation activities; Boost actions on the demand side through public procurement, more specifically, innovative public procurement ,as a tool to drive innovation and growth; Establish a tax credit system for tax deduction for R&D; Combine fiscal measures to promote employment of researchers (a reduction from payroll tax on wages of researchers) with fiscal measures to incentive businesses to increase expenditure on R&D and innovation; Increase the participation on R&D EU programs, especially in the next FP 8.	Mostly Yes	Establish a tax credit system for tax deduction for R&D.Combine fiscal measures to promote employment of researchers with fiscal measures to incentive businesses to increase expenditure on RDI.
Priority 5	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 labor market segmentation.		X
Priority 6	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.	Yes (the reform is being discussed in SD)	

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