



GOBIERNO
DE ESPAÑA

MINISTERIO
DE HACIENDA
Y ADMINISTRACIONES PÚBLICAS



Central Government Budget Bill for 2014

September 30th 2013



Spain Macroeconomic Scenario

<i>Year on year % change</i>	2012	2013	2014
Real GDP	-1,6	-1,3	0,7
Nominal GDP	-1,7	-0,3	2,1
Private Consumption	-2,8	-2,6	0,2
Government Consumption	-4,8	-2,3	-2,9
Gross Capital Formation	-6,9	-6,1	0,2
Domestic Demand(*)	-4,1	-3,2	-0,4
Exports of goods and services	2,1	5,7	5,5
Imports of goods and services	-5,7	-0,3	2,4
External Demand(*)	2,5	1,9	1,2
Employment (**)	-4,8	-3,4	-0,2
Unemployment rate	25,0	26,6	25,9
Net lending (+)/ borrow. (-) with the RoW(***)	-0,6	2,3	3,4

% change GDP 2014	
BUDGET 2014	0,7
AFI	0,5
BBVA	0,9
Bankia	0,8
Catalunya Caixa	0,8
Cemex	0,8
CEEM_URJC	1,1
CEPREDE	0,9
CEOE	0,8
FUNCAS	1,0
ICAE_UCM	0,5
IEE	0,7
Instituto Macroeconomía y Fin.	0,6
IFL-UC3M	0,3
Intermoney	0,5
La Caixa	0,8
Repsol	0,8
Santander	0,9
Solchaga Recio & asociados	0,8

(*) Contribution to GDP growth; (**) EPA / LFS figures; (***) % of GDP

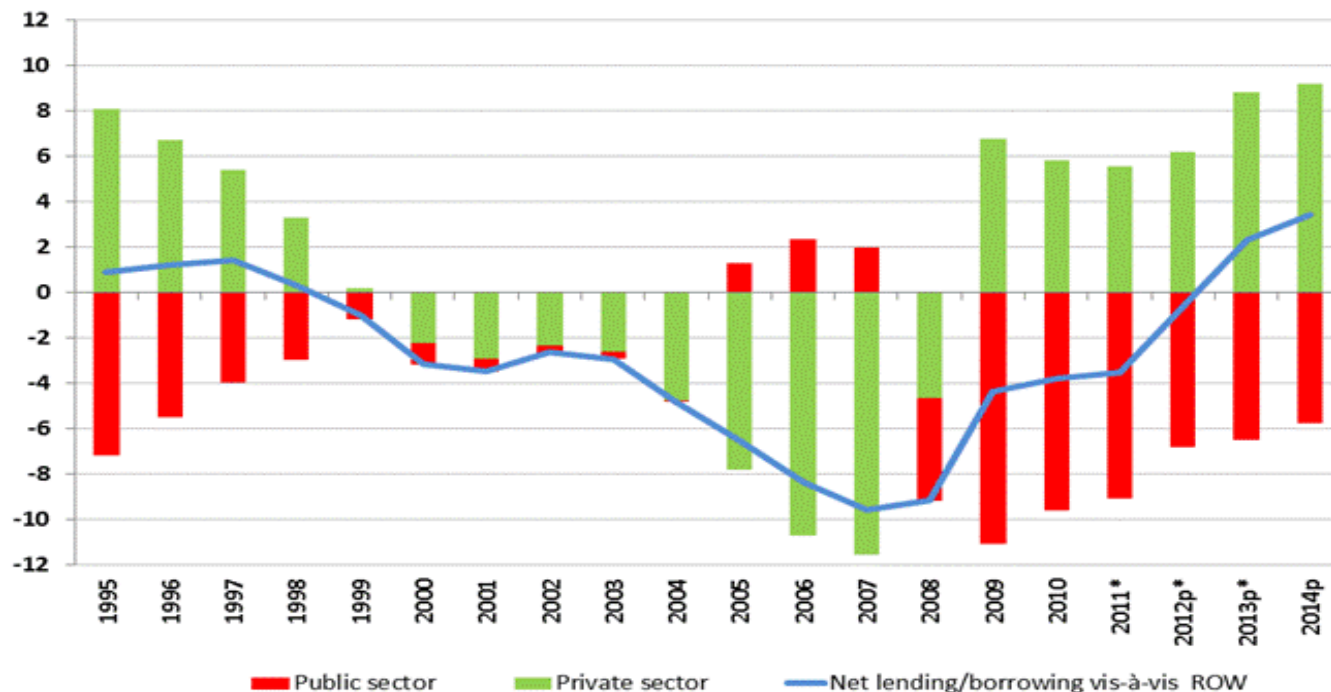


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Foundations of Economic Growth: Net lending, low inflation (less than 1%) and access to financial markets

Net lending (+) or net borrowing (-) by institutional sector (% GDP)



*2011, 2012 y 2013 Net of financial assistance one-offs .

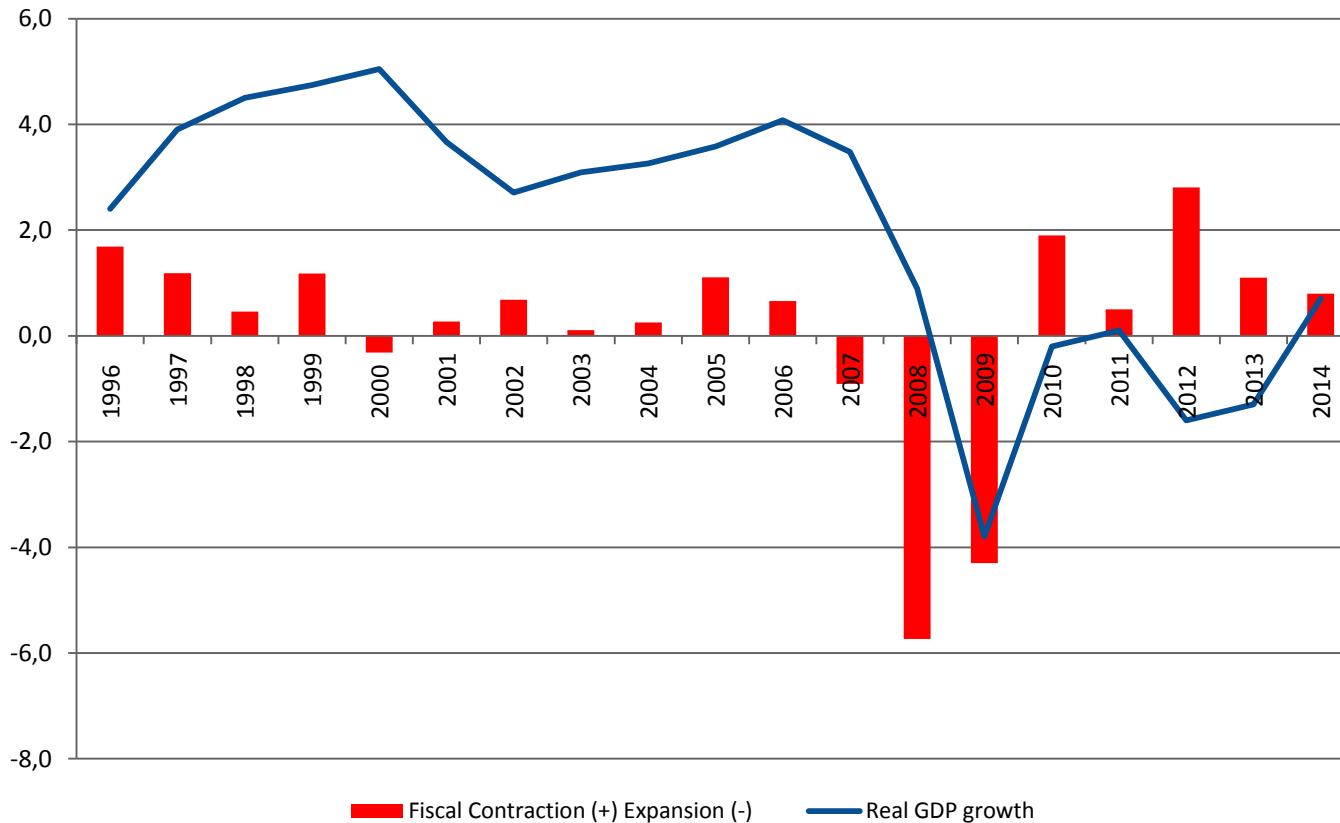
Source: INE and IGAE

	2012 average	Quarterly data (% QGDP)					
		1Q2012	2Q2012	3Q2012	4Q2012	1Q2013	2Q2013
Net lending (+) vis-à-vis ROW	-0,6	-5,2	-1,0	1,1	2,7	-0,7	2,7



Fiscal Consolidation and Economic Growth

Fiscal Contraction (+) or Fiscal Expansion (-) vs Economic Growth



Source: OECD and European Commission .

Fiscal effort measured as the OECD cyclically adjusted balance. Since 2009, European Commission Cyclically adjusted balance once the one-off financial measures have been deducted. General Government growth forecast for 2013 and 2014.

2013 - 2014 Fiscal effort target.

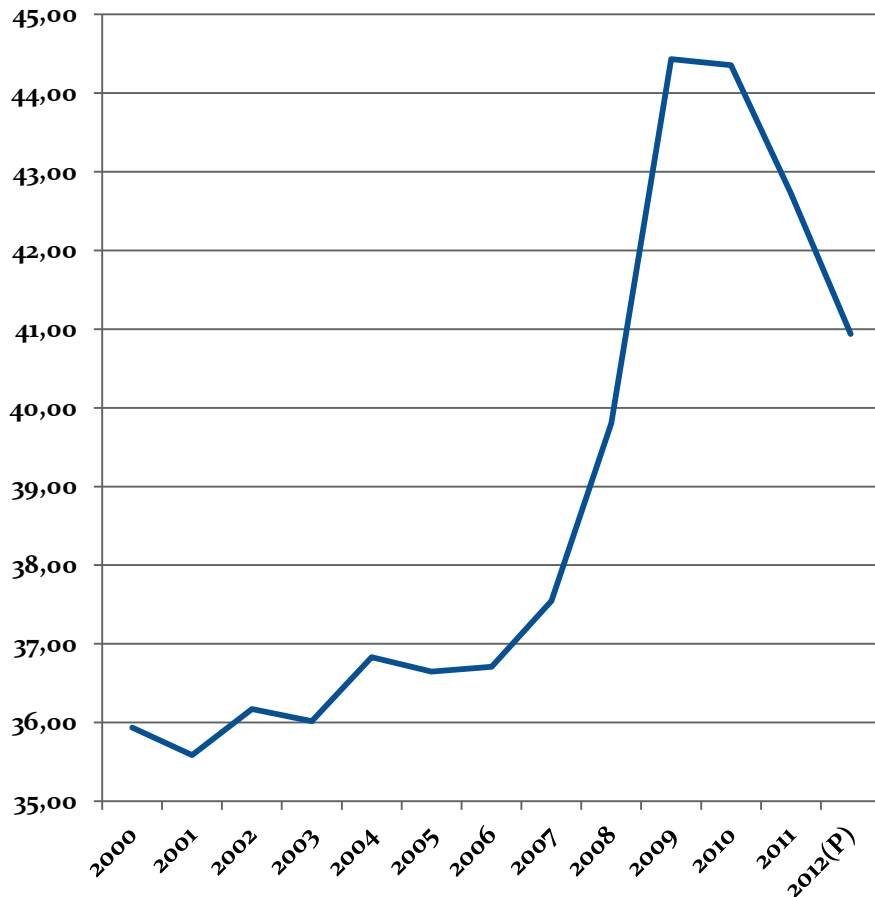


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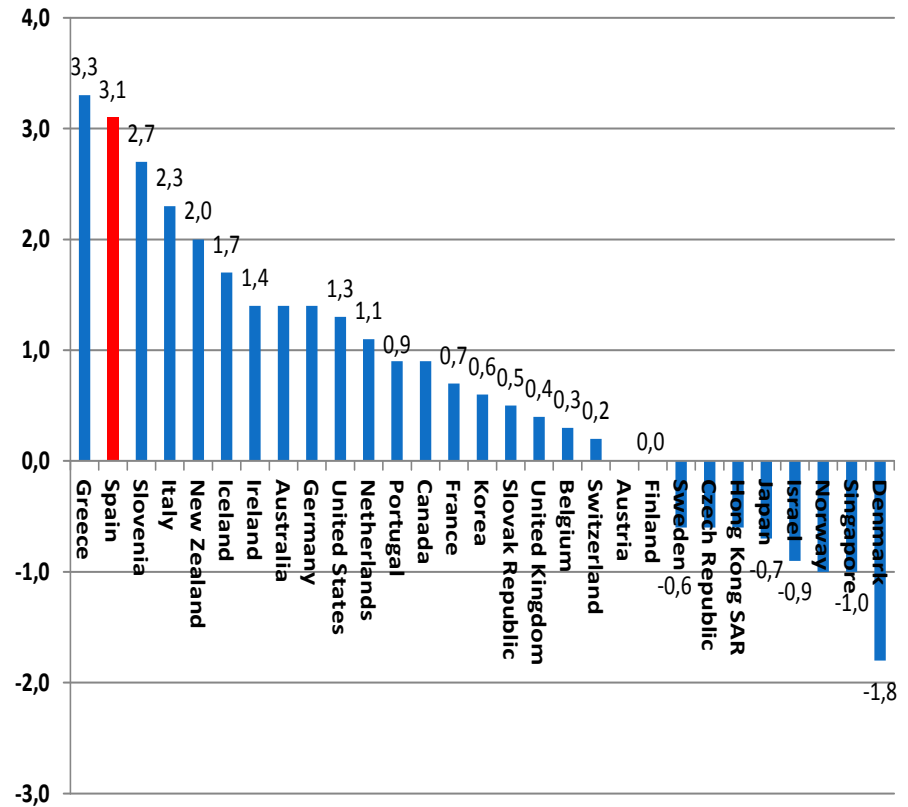
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Public expenditure reduction and fiscal consolidation. International Comparison

General Government Primary expenditure/GDP (% GDP)



Change in cyclically adjusted primary balance (as % of potential GDP)



• Financial assistance not included.

Source: IGAE, Ministry of Finance and Public Administration

Source: IMF, Fiscal Monitor April 2013



2012: Unprecedented Fiscal Consolidation Effort

General Government (National Accounts) 2012 results (million €)

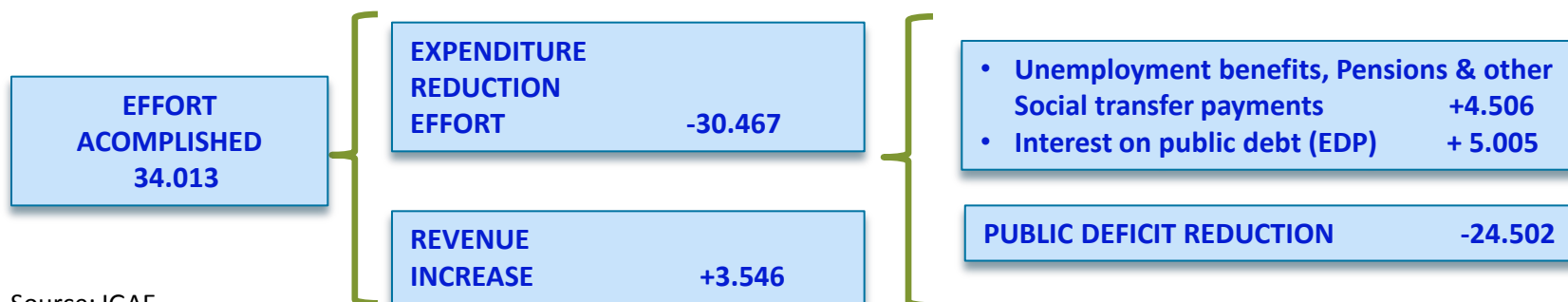
	2011 (F)*	2012 (P)	DEFICIT REDUCTION (+)2012
Central Government**	-54.389	-43.628	10.761
Regional Governments	-35.726	-18.931	16.795
Local Entities	-4.079	2.287	6.366
Social Security	-741	-10.161	-9.420
GENERAL GOVERNMENT**	-94.935	-70.433	24.502

REVENUE INCREASE + 3.546

EXPENDITURE REDUCTION -20.956

*2011 Data before funding system settlements. ** Net of one-offs to the financial sector. F: Final P: Provisional.

(annual change in million €)



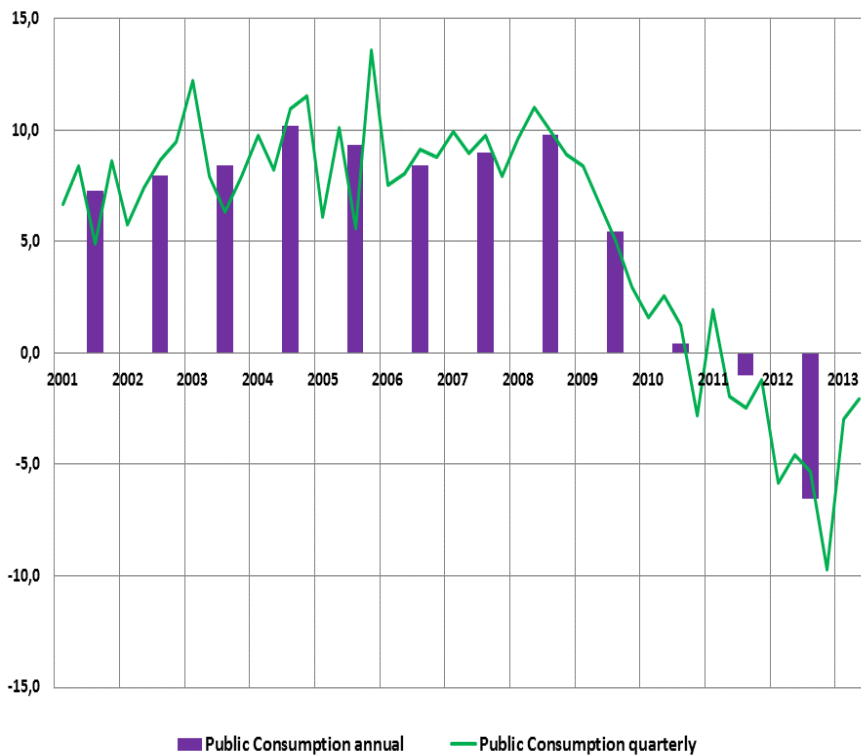


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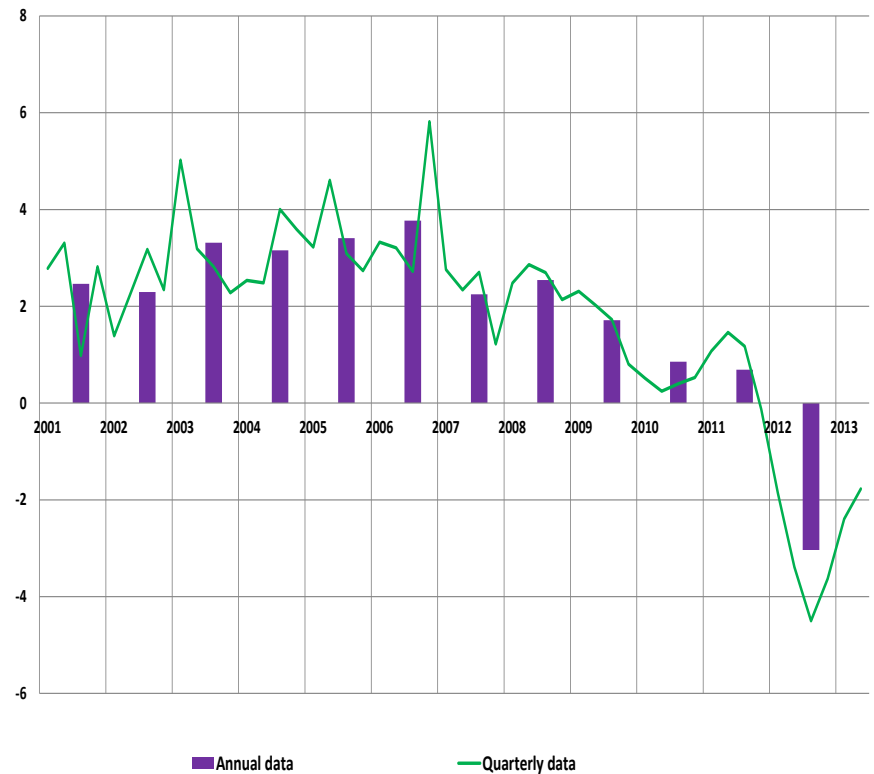
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Fiscal Consolidation: public consumption and civil servants

Public Consumption (y-o-y % change)



Public sector employees (y-o-y change)



Source: INE

Source: INE, Social Security employees: Public Administration, Defence Social Security, Education, health, Social Services.

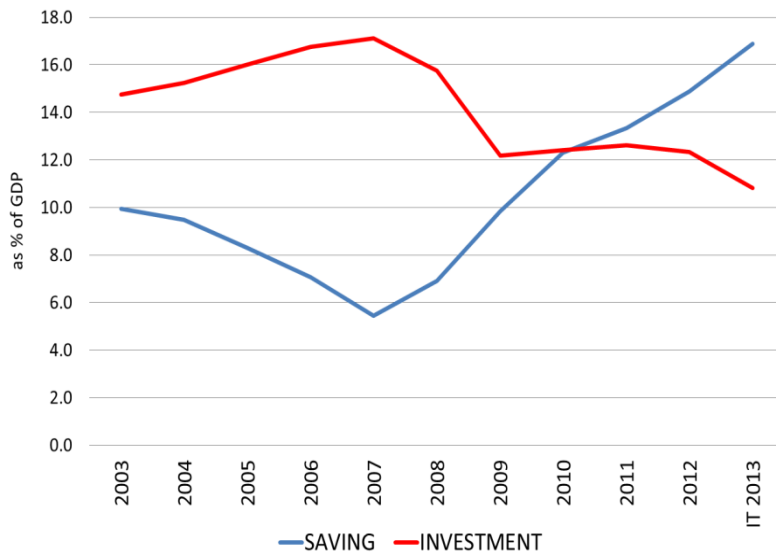


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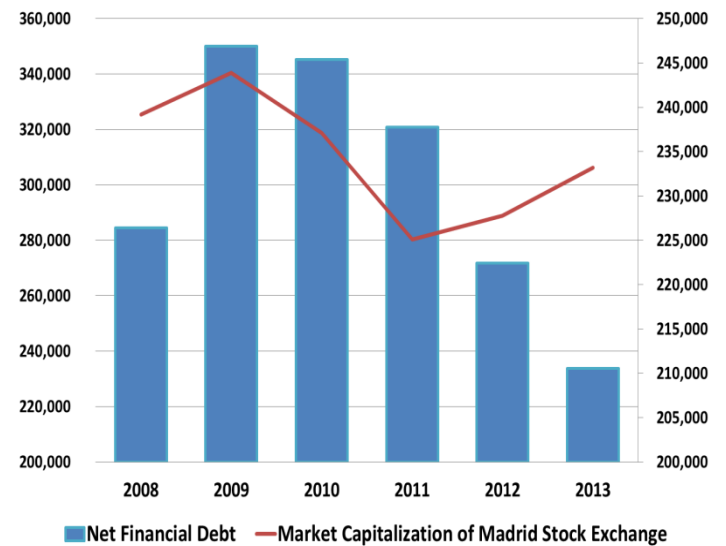
Private Sector Deleveraging and Improving Capitalization

Saving and Investment of Non-Financial Firms (as % of GDP)



Source: INE

Listed Companies (Million €)



Source: Bank of Spain; Companies

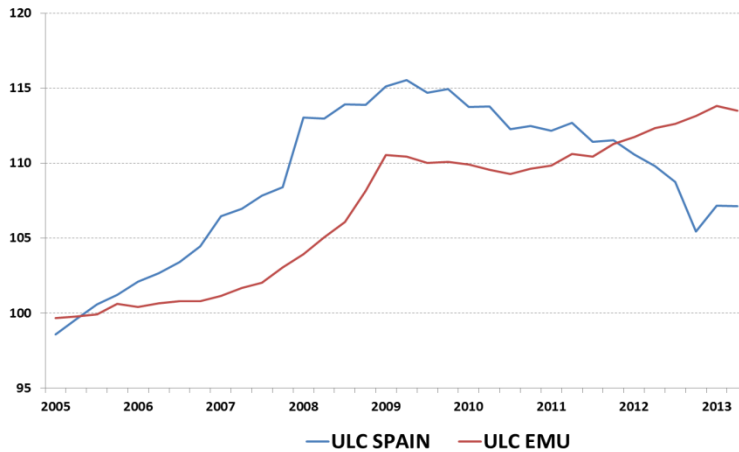


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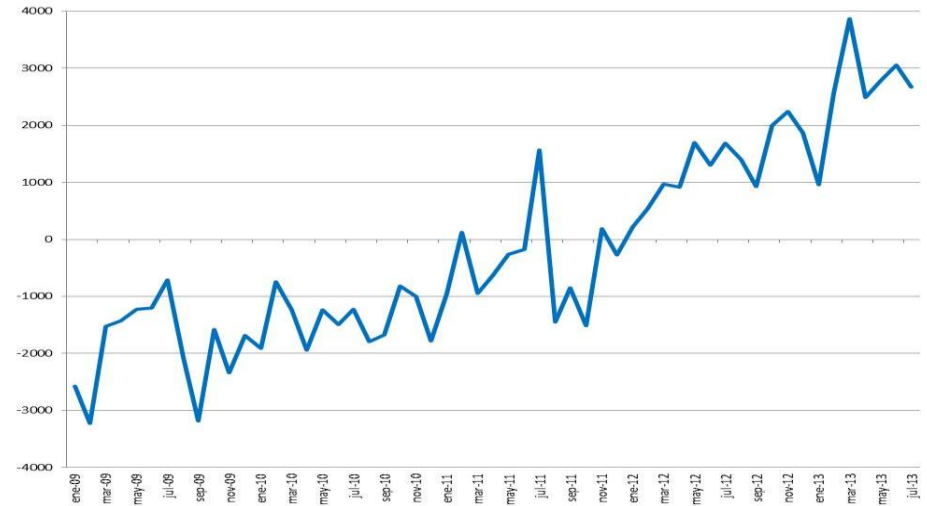
Competitiveness, trade balance improvement and increasing FDI

Unit Labour Costs
(Base year 2005=100)



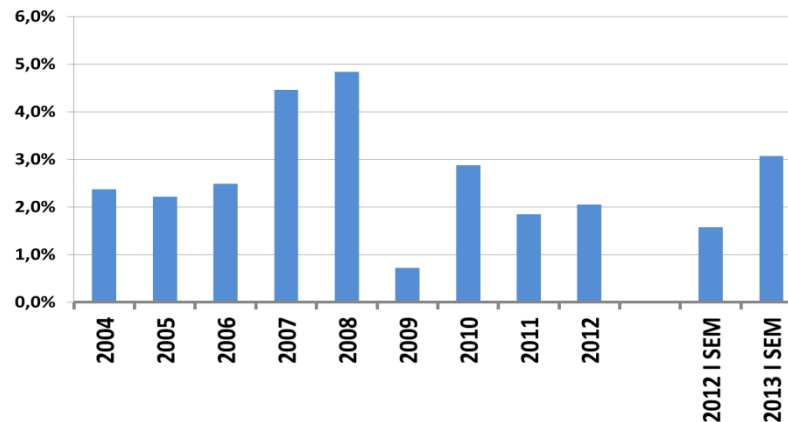
Source: OECD

Non-energy trade balance
(million €)



Source: Bank of Spain

Foreign Direct Investment Flows in Spain
(as % of GDP)



Source: Bank of Spain



Budget Stability Targets 2013-2016

Net lending (+)/borrowing (-) requirement
(as % of GDP)

			Targets			
	2011	2012	2013	2014	2015	2016
Central Government	-5,20	-4,24	-3,80	-3,70	-2,90	-2,10
Regional Governments	-3,41	-1,84	-1,30	-1,00	-0,70	-0,20
Local Entities	-0,39	0,22	0,00	0,00	0,00	0,00
Social Security	-0,07	-0,99	-1,40	-1,10	-0,60	-0,50
General Government	-9,07	-6,84	-6,5	-5,8	-4,2	-2,8

Net of one-offs to the financial sector. One-offs: 0,49pp 2011, 3,8 p 2012, 0,3pp 2013 estimate.

Source: IGAE



Revenues

(million €)

	2013		BUDGET 2014 (3)	% change	
	BUDGET (1)	COLLECTION (2)		(3)/(1)	(3)/(2)
	1. TAX REVENUE (before transfers to Territorial Entities)	177.860		175.520	179.750
PERSONAL INCOME TAX	74.215	71.982	73.196	-1,4	1,7
CORPORATE TAX	19.012	21.181	22.326	17,4	5,4
VAT	54.657	53.397	54.849	0,4	2,7
EXCISE TAXES	21.096	20.344	20.453	-3,1	0,5
OTHER	8.879	8.616	8.925	0,5	3,6
2. TAX REVENUE (after transfers to Territorial Entities)	107.994	105.543	107.412	-0,5	1,8
3. NON-TAX REVENUES	19.031	20.943	20.747	9,0	-0,9
4. TOTAL NON FINANCIAL REVENUE (2+3) (after transfers to Territorial Entities)	127.025	126.486	128.159	0,9	1,3



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Distribution of Central Government Expenditure

Available expenditure for the Ministries

(million €)

	2013	2014	% change	
			M€	% Δ
1. Non-financial expenditure limit	129.773	133.259	3.486	2,7
2. Interests	38.590	36.590	-2.000	-5,2
3. Other Ministerial Expenditure	28.371	30.333	1.962	6,9
4. NON FINANCIAL EXPENDITURE OF THE MINISTRIES (1-2-3)	62.813	66.336	3.523	5,6
5. Social Security Contributions, Transfers to the Public Employment Service, contributions to "electricity system costs"	26.510	31.752	5.242	19,8
6. AVAILABLE EXPENDITURE FOR THE MINISTRIES (4-5-6-7)	36.302	34.584	-1.718	-4,7
main actions:				
- R&D+i	5.562	5.633	71	1,3
- Education grants	1.161	1.411	250	21,5
- Theater and Sports Federations	69	81	12	17,1
- Housing Plan	735	770	35	4,8



Summary by ministries

Million €

SECTIONS	2013	2014	Difference	% change 2014/13
12: MINISTRY OF FOREIGN AFFAIRS AND COOPERATION	1.093	996	-96	-8,8
<i>12: MINISTRY OF FOREIGN AFFAIRS ⁽¹⁾</i>	<i>1.043</i>	<i>996</i>	<i>-46</i>	<i>-4,4</i>
13: M. OF JUSTICE	1.507	1.472	-35	-2,3
14: M. OF DEFENCE	5.934	5.743	-191	-3,2
15: M. OF FINANCE AND PUBLIC ADMINISTRATIONS	2.176	2.113	-63	-2,9
16: M. OF THE INTERIOR	7.214	7.298	84	1,2
17: M. OF INFRASTRUCTURE DEVELOPMENT (FOMENTO)	5.791	5.805	14	0,2
<i>17: M. OF INFRASTRUCTURE DEVELOPMENT excluding obligations of previous financial years</i>	<i>4.117</i>	<i>4.095</i>	<i>-21</i>	<i>-0,5</i>
18: M. OF EDUCATION, CULTURE AND SPORTS	2.499	2.663	164	6,6
19: M. OF EMPLOYMENT AND SOCIAL SECURITY	23.798	26.544	2.746	11,5
20: M. OF INDUSTRY, ENERGY AND TOURISM	3.919	5.158	1.239	31,6
<i>20: M. OF INDUSTRY, ENERGY AND TOURISM excluding electricity system costs</i>	<i>998</i>	<i>1.004</i>	<i>7</i>	<i>0,7</i>
23: M. OF AGRICULTURE, FOOD AND ENVIROMENT	1.574	1.621	47	3,0
25: M. OF THE PRESIDENCY	434	423	-11	-2,6
26: M. OF PUBLIC HEALTH SOCIAL SERVICES AND EQUALITY	2.963	1.908	-1.056	-35,6
<i>26: M. Of Public Health, Social Services and Equality ⁽²⁾</i>	<i>1.880</i>	<i>1.880</i>	<i>0</i>	<i>0,0</i>
27: M. OF ECONOMY AND COMPETITIVENESS	1.964	2.346	382	19,5
<i>27. M. OF ECONOMY AND COMPETITIVENESS ⁽³⁾</i>	<i>1.952</i>	<i>2.032</i>	<i>79</i>	<i>4,1</i>
31: MISCELLANEOUS MINISTRIES EXPENDITURE	1.946	2.245	299	15,4
TOTAL MINISTRIES EXPENDITURE	62.812,58	66.335,74	3.523	5,6
<i>excluding contributions to the Social Security, Public Employment Service and electricity system costs</i>	<i>36.302,36</i>	<i>34.584,02</i>	<i>-1.718</i>	<i>-4,7</i>

(1) Homogeneous data, according to the budgetary treatment of the international organisations' fees.

(2) Homogeneous data, excluding obligations of previous financial years, transfers to the Hospital Clínico and the Health Cohesion Fund.

(3) Homogeneous, excluding contributions to European Organization for Nuclear Research, contributions to Greek Security Market Program portfolio (233M€), transfers to the National Market Commission and the National Competition Commission (CNMC).



Economic classification of ministries' expenditure

2014 CENTRAL GOVERNMENT BUDGET

Ministries

Excluding contributions to electricity sector costs, Social Public Employment Service and Social Security

(million €)

SECTIONS	BUDGET 2012	BUDGET 2013	% CHANGE 2013/2012		BUDGET 2014	% CHANGE 2014/2013	
			Million €	Δ%		Million €	Δ%
I. Personnel expenditure	16.244	15.614	-630	-3,9	15.568	-46	-0,3
Active employees	14.576	14.105	-471	-3,2	13.880	-225	-1,6
Mutualism	1.668	1.509	-159	-9,5	1.687	178	11,8
II. Current expenditure on goods and services	3.139	2.757	-382	-12,2	2.869	112	4,1
M. of the Interior	1.355	1.122	-233	-17,2	1.300	178	15,9
Other sections	1.784	1.635	-149	-8,4	1.569	-66	-4,0
III. Financial expenditure	27	25	-2	-9,1	26	1	3,2
IV. Current Transfers	9.018	10.320	1.302	14,4	9.058	-1.262	-12,2
Current Operations	28.429	28.716	287	1,0	27.521	-1.195	-4,2
V. Contingency Fund and other unforeseen issues	44	0	-44	-100,0	30	30	
VI. Real Investments	5.272	3.897	-1.376	-26,1	3.249	-648	-16,6
VII. Capital Transfers	3.928	3.690	-238	-6,1	3.784	94	2,6
Capital Operations	9.201	7.587	-1.614	-17,5	7.033	-553	-7,3
NON-FINANCIAL BUDGET	37.674	36.302	-1.372	-3,6	34.584	-1.718	-4,7
*VIII. Financial assets	12.021	34.478	22.456	186,8	38.135	3.658	10,6
NON-FINANCIAL BUDGET+CHAPTER 8	49.695	70.780	21.085	42,4	72.719	1.939	2,7

(*) Excluding contributions to ESM, Financing Mechanism for the payment to suppliers arrears and Regional Liquidity Mechanism, chapter 8 decreases by 4,4%.



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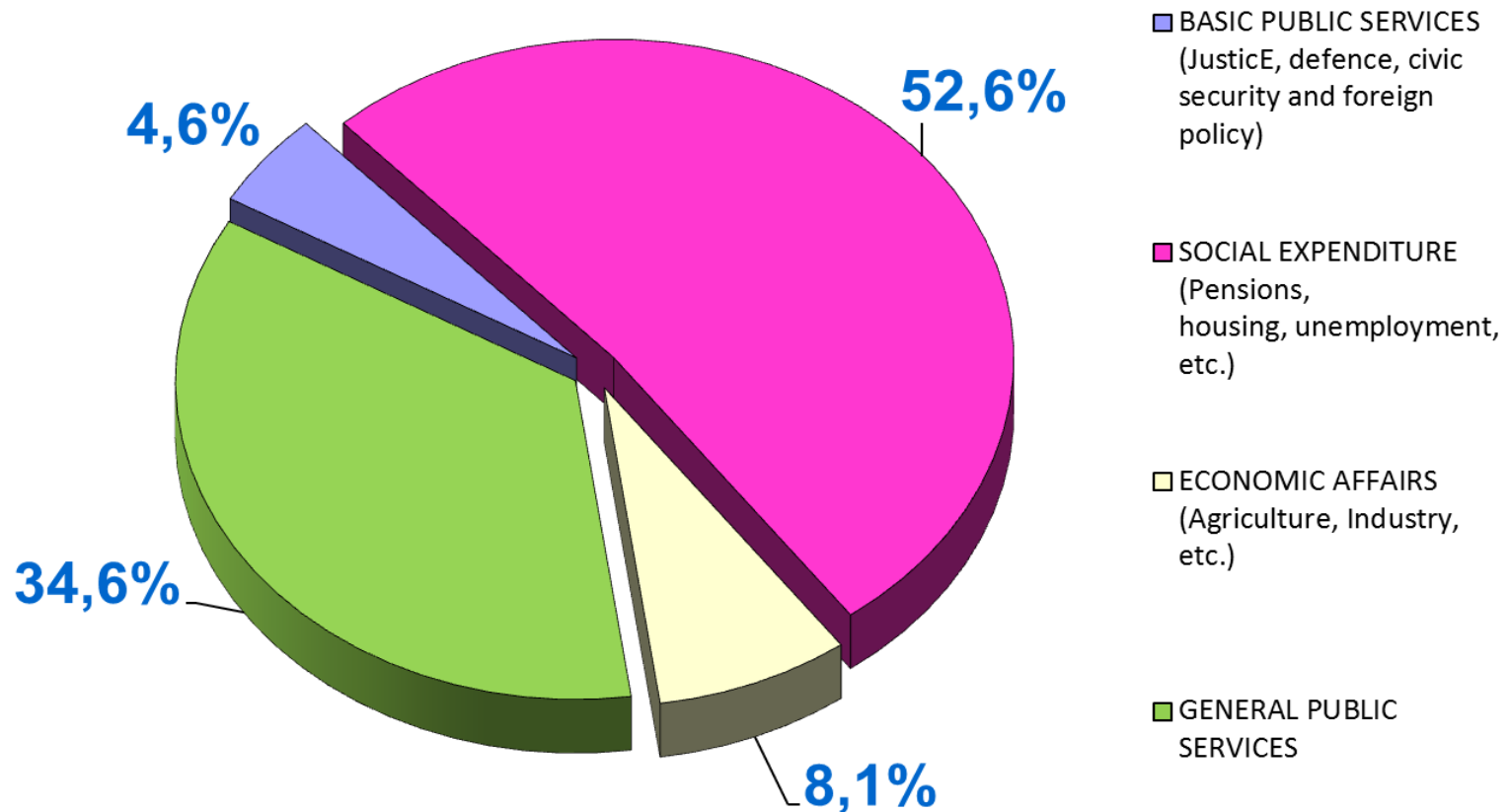
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Spending Policies Consolidated Budget

POLICIES	BUDGET 2013	% /total	BUDGET 2014	% /total	% ▲
BASIC PUBLIC SERVICES	16.728	4,8	16.431	4,6	-1,8
SOCIAL EXPENDITURE	178.776	51,8	186.582	52,6	4,4
ECONOMIC AFFAIRS	27.099	7,8	28.803	8,1	6,3
GENERAL PUBLIC SERVICES	122.847	35,6	122.806	34,6	0,0
CHAPTERS 1 THROUGH 8	345.450	100,00	354.622	100,00	2,7



Distribution of Consolidated expenditure





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Territorial funding

	2013	2014	%
Territorial funding	100.665	99.001	-1,65%
Regional Governments funding	84.732	82.517	-2,61%
Local Entities funding	15.932	16.484	3,46%