

Government sets ceiling on spending for 2016 at 123.39 billion euros, 4.4% less than for 2015

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The Council of Ministers has taken the first step in drawing up the General State Budget for 2016 by presenting the so-called "ceiling on spending" and the macroeconomic chart.

According to the Vice-President of the Government, Soraya Sáenz de Santamaría, both elements "set the framework in which these public accounts will be implemented, in an economic situation of growth and expansion, as acknowledged in various international reports". The Vice-President of the Government recalled that, according to the International Monetary Fund, the Spanish economy "heads up growth this year from among developed economies" with a rate of GDP growth that is "by some margin" double the average in the Eurozone.

Soraya Sáenz de Santamaría added that this growth "is allowing us to speed up job creation, which has been the specific and essential goal of this government right from day one", and is reflected in the fact that Spain is the developed nation that will create the most jobs this year and next year, according to the OECD.

"We have corrected the imbalances because we have implemented far-reaching reforms, and now it falls to the government to pay back Spanish society for the efforts made during the toughest times of the crisis", declared the Government Spokesperson.

More growth and lower unemployment rate

The Minister for Economic Affairs and Competition, Luis de Guindos, said that the progress made in the figures has led the government to update its macroeconomic projections for this year and the next that were posted in the Stability Programme approved at the end of April and subsequently submitted to Brussels.

The forecast growth in the Gross Domestic Product (GDP) will rise from 2.9% to 3.3% for this year - with a more positive contribution from the foreign trade sector - and from 2.9% to 3% for 2016. Luis de Guindos pointed out that the economy has enjoyed growth in the first half year at a rate of close on 4%, which means that "we continue to be, as is habitual, prudent, cautious and fairly conservative from the point of view of our projections".

As regards progress in job creation in terms of the Labour Force Survey (Spanish acronym: EPA), the minister pointed out that 602,000 jobs will be created in 2015 and that the total number of new jobs between this year and last year will exceed 1 million. He also underlined that in the fourth quarter of 2015 there will be more people in work and fewer people unemployed than in the same period of 2011. The unemployment rate, he added, will also improve: it will stand at 21.1% of the working population at the end of 2015, 1.5% below that posted at the start of the legislature.

Budgetary stability and debt

The Council of Ministers approved an agreement setting out the budgetary stability and debt targets for the years 2016-2018 and the ceiling on non-financial debt in the State Budget for next year.

The Minister for the Treasury and the Public Administration Services, Cristóbal Montoro, explained that for the public administration services as a whole, a maximum deficit is set at 4.2% of the Gross Domestic Product for 2015; 2.8% for 2016; 1.4% for 2017 and 0.3% for 2018, thus practically arriving at budgetary balance. In the breakdown by tier of government, the deficit of central government will progressively fall to hit 0.2% of GDP in 2018. Regional governments will also achieve budgetary balance by this date, continuing with the policy of fiscal consolidation. The social security system will also reduce its deficit to stand at 0.1% by 2018.

Cristóbal Montoro clarified that central government and the regional governments have made "similar efforts" in terms of adjusting the correction of the public deficit.

In terms of the public debt targets, the minister pointed out that the public administration as a whole will close this year at 98.9% of GDP, at 98.5% in 2016, which will then fall to 96.5% in 2017 and 93.2% in 2018.

Cristóbal Montoro stressed that the government's budgetary policies seek economic growth and job creation. "If we had employed another budgetary policy we would not be growing in this way or creating jobs at this rate. That is why the government, as announced by the President of the Government, has no intention of changing the direction or the content of its main economic policies, including budgetary policy".

As regards pensions, the minister pointed out that a deficit has been deliberately incurred. "We have increased pensions, in addition to a growth in the population, because we see this to be social cohesion", he said.

Ceiling on spending

The Minister for the Treasury and the Public Administration Services pointed out that tax revenue will grow by 4% in 2016 to stand at 193.52 billion euros, and non-tax revenue by 3%. Total revenue, after assigning 7.9% to regional governments, will stand at 133.77 billion euros, 0.8% higher than in 2015.

The limit on non-financial State spending for 2016 will amount to 123.39 billion euros, 4.4% less than the Budget for 2015. This lower figure corresponds to the reduction in the burden for servicing debt and a reduction in the contribution to the State Public Employment Service (Spanish acronym: SEPE), as a result of a drop in unemployment.

The minister asserted that the budget is marked by criteria of austerity with the aim of reducing the public deficit but "does not in any way imply cuts". He added that the aim is to avoid spending increases because this would prejudice the economic recovery and hinder us from heading up growth in the developed world.